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As filed with the Securities and Exchange Commission on May 12, 2004.

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HURON CONSULTING GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**8742**	**01-0666114**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code number)**	**(IRS Employer Identification Number)**

550 West Van Buren Street
Chicago, Illinois 60607
(312) 583-8700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ronald C. Provenzano, Esq.
Vice President, Chief Legal Officer and Secretary
Huron Consulting Group Inc.
550 West Van Buren Street
Chicago, Illinois 60607
(312) 583-8700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (1)**	**Amount of Registration Fee**
Common stock, par value $.01 per share	$ 100,000,000	$ 12,670

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholder may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and neither we nor the selling stockholder are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to Completion May 12, 2004

Shares

Huron Consulting Group Inc.

Common Stock

This is the initial public offering of shares of our common stock. Prior to this offering, there has been no public market for our common stock. We are offering shares of common stock and the selling stockholder identified in this prospectus is offering shares of common stock. We will not receive any proceeds from the sale of any shares by the selling stockholder. The initial public offering price of our common stock is expected to be between $ and $ per share.

We intend to apply for the quotation of our common stock on the NASDAQ National Market under the symbol "HURN."

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in " Risk factors" beginning on page 9 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to the selling stockholder	$	$

The underwriters may also purchase up to an additional shares of common stock from the selling stockholder at the public offering price, less underwriting discounts and commissions within 30 days from the date of this prospectus to cover over-allotments, if any. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $ and total proceeds, before expenses, to the selling stockholder will be $.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares of common stock will be made on or about , 2004.

Joint Book-Running Managers

UBS Investment Bank **Deutsche Bank Securities**

William Blair & Company

You should only rely on the information contained in this prospectus. Neither we, the selling stockholder nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus. We and the selling stockholder are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

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Through and including , 2004 (the 25th day after commencement of this offering), federal securities law may require all dealers effecting transactions in our common stock, whether or not participating in this offering, to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Prospectus summary

The following is a summary of some of the information contained in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk factors" and the consolidated financial statements and notes to those financial statements included elsewhere in this prospectus. In this prospectus, unless the context otherwise requires, the terms "Huron," "company," "we," "us" and "our" refer to Huron Consulting Group Inc. and its subsidiaries.

OUR BUSINESS

We are an independent provider of financial and operational consulting services. Our highly experienced and credentialed professionals employ their expertise in accounting, finance, economics and operations to provide our clients with specialized analysis and customized advice and solutions that are tailored to address each client's particular challenges and opportunities.

We provide our services through two segments: Financial Consulting and Operational Consulting. Our Financial Consulting segment helps clients effectively address complex challenges that arise from litigation, disputes, investigations, regulation, financial distress and other sources of significant conflict or change. Our services in this segment include financial and economic analysis; forensic accounting; expert support and testimony services; restructuring, turnaround and bankruptcy advisory services; and valuation analysis. Our Operational Consulting segment helps clients improve the overall efficiency and effectiveness of their operations, reduce costs, manage regulatory compliance and maximize procurement efficiency. For the year ended December 31, 2003 and the three months ended March 31, 2004, we derived 68.9% and 61.6%, respectively, of our revenues from Financial Consulting and 31.1% and 38.4%, respectively, of our revenues from Operational Consulting.

Many organizations are facing increasingly large and complex business disputes and lawsuits, a growing number of regulatory and internal investigations and more intense public scrutiny. Concurrently, increased competition and regulation are presenting significant operational and financial challenges for organizations. Distressed companies are responding to these challenges by restructuring and reorganizing their businesses and capital structures, while financially healthy organizations are striving to take advantage of business opportunities by improving operations, reducing costs and maximizing revenue. Many organizations have limited dedicated resources to respond effectively to these challenges and opportunities. Consequently, we believe these organizations will increasingly seek to augment their internal resources with experienced independent consultants like us.

We provide our services to a wide variety of both financially sound and distressed organizations, including Fortune 500 companies, medium-sized and large businesses, leading academic institutions, healthcare organizations and the law firms that represent these various organizations. Since May 2002, we have conducted over 1,000 engagements for over 500 clients, and we have worked on engagements with 35 of the 40 largest U.S. law firms listed in *The American Lawyer* 2003 Am Law 100.

As of March 31, 2004, we had 588 employees, including 483 billable professionals, whom we refer to as consultants. In addition to our headquarters in Chicago, we have five other core offices located in Boston, Houston, New York City, San Francisco and Washington, D.C. and two smaller offices located in Charlotte and Los Angeles.

OUR HISTORY

Huron was formed in March 2002 and commenced operations in May 2002. We were founded by a core group of experienced financial and operational consultants that consisted primarily of former Arthur Andersen LLP partners and professionals, including our chief executive officer, Gary E. Holdren, with equity sponsorship from a group of investors led by Lake Capital Management LLC. We created Huron because we believed that a financial and operational consulting business that is unaffiliated with a public accounting firm is better suited to serve its clients' needs. As an independent consulting firm, Huron is not subject to the legal restrictions placed on public accounting firms that prohibit them from providing certain non-audit services to their audit clients. We also believed that many other consulting firms provided only a limited scope of services and therefore a company such as ours with a wide array of services would be better positioned to serve the diverse and complex needs of various organizations.

In response to strong demand for our services, we began aggressively hiring consultants in the first quarter of 2003 and added over 200 new consultants during 2003. While this aggressive hiring negatively impacted our utilization rates (determined by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days) as we integrated our new hires, we believe the early results of this growth initiative are evident in our recent financial results. Revenues in 2002 totaled $35.1 million for our first eight months of operations and rose to $101.5 million in 2003, our first full year of operations. Revenues totaled $40.1 million in the three months ended March 31, 2004 compared to $23.2 million in the three months ended March 31, 2003, representing 72.8% year-over-year growth.

OUR COMPETITIVE STRENGTHS

We believe our key competitive strengths include:

- **Experienced and highly qualified consultants.** Our consultants combine proficiency in accounting, finance, economics and operations with deep knowledge of specific industries. In addition, many of our consultants are highly credentialed and include certified public accountants, MBAs, accredited valuation specialists and forensic accountants.
- **Independent provider of financial and operational consulting services.** We believe increased regulations, growing public scrutiny and concern regarding auditor conflicts of interests provide us with a competitive advantage over public accounting firms in securing consulting engagements. We also believe that the relatively small number of large public accounting firms will lead some organizations to engage independent consultants like us to preserve their flexibility to hire large public accounting firms for audit or other attest services.
- **Complementary service offerings and integrated approach.** We offer a broad array of financial and operational consulting services that can be delivered through teams of consultants from our different practices. Our integrated approach enables us to provide solutions tailored to specific client needs. In addition, our range of service offerings reduces our dependence on any one service offering or industry, provides a stimulating work environment for our consultants and enhances our flexibility in managing the utilization and career development of our directors, managers, associates and analysts.
- **Distinctive culture.** We believe we have been successful in attracting and retaining top talent because of our distinctive culture, which combines the energy and flexibility of a high-growth company with the professionalism of a major professional services firm. We believe our performance-based compensation program, which both recognizes individual performance and reinforces teamwork, also contributes to our recruiting and retention success.

OUR GROWTH STRATEGY

We have grown significantly since we commenced operations, more than doubling the number of our consultants from 213 on May 31, 2002 to 483 on March 31, 2004. We believe there are a number of opportunities to continue to grow our business, including:

- **Attracting additional highly qualified consultants.** We believe our stimulating work environment, performance-based compensation program and distinctive culture will enable us to attract additional top talent from other consulting firms, accounting firms, targeted industries and on-campus recruiting. In the near term, our focus will primarily be on hiring and developing additional managers, associates and analysts to expand support for our existing practices and better leverage our managing directors and directors.
- **Growing our existing relationships and developing new relationships.** We work hard to maintain and grow our existing client and law firm relationships. The goodwill created from these relationships leads to referrals from satisfied clients and their law firms, which also enables us to secure engagements with new clients.
- **Continuing to promote and deliver an integrated approach to service delivery.** We will continue to utilize our experience with the financial and operational challenges facing our clients to identify and provide additional value-added services as part of an integrated solution. Frequently, a particular engagement is expanded or a new engagement secured with an existing client as a direct result of our quality work for that client.
- **Continuing to build our brand.** We intend to continue to build our reputation and a common identity for the services we provide under the Huron brand name. We believe that using a common brand name and identity for our services enhances our visibility in the marketplace and improves our ability to compete for new business.
- **Expanding our service offerings.** We believe there will be opportunities to expand our current capabilities or broaden the scope of our existing services, and we will evaluate these in response to client and general market demands.

HCG HOLDINGS LLC

HCG Holdings LLC currently owns approximately 94% of our outstanding common stock and all of our outstanding 8% preferred stock and 8% promissory notes. Some of our executive officers, each of our board members and some of our current and former employees own the remaining approximately 6% of our outstanding common stock. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by certain institutional investors, some of our executive officers and employees, each of our board members, a director nominee and approximately 30 other holders. HCG Holdings LLC is the selling stockholder in this offering. See “Certain relationships and related transactions,” “Principal and selling stockholders” and “Description of capital stock” for further information.

CORPORATE INFORMATION

We were incorporated in Delaware in March 2002, commenced operations in May 2002 and conduct all of our consulting activities through a wholly-owned subsidiary, Huron Consulting Group LLC. Our headquarters are located at 550 West Van Buren Street, Chicago, Illinois 60607 and our telephone number is (312) 583-8700. Our web site is www.huronconsultinggroup.com. Information contained on our web site is not incorporated by reference into this prospectus. You should not consider information contained on our web site as part of this prospectus.

The offering

Common stock offered by us	shares
Common stock offered by the selling stockholder	shares
Total	shares
Common stock to be outstanding immediately after this offering	shares
Over-allotment option	shares of common stock to be offered by the selling stockholder if the underwriters exercise the over- allotment option in full.
Proposed NASDAQ National Market symbol	HURN
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $ million assuming an initial public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus. We will not receive any proceeds from the sale of shares by the selling stockholder. We will use approximately $ million of our net proceeds to redeem our outstanding 8% preferred stock and approximately $ million to repay our outstanding 8% promissory notes. All of the outstanding shares of the 8% preferred stock and the aggregate principal amount of the 8% promissory notes are held by the selling stockholder. We intend to use the balance of our net proceeds for other general corporate purposes, including working capital. See “Use of proceeds.”

The number of shares of our common stock outstanding immediately after this offering is based on the number of shares outstanding at , 2004. This number does not include:

- shares of common stock issuable upon the exercise of outstanding stock options issued under our equity incentive plans, with a weighted average exercise price of $ per share; and
- shares reserved and available for future grant or issuance under our 2004 Omnibus Stock Plan, including the shares of restricted common stock that we intend to grant to certain of our employees on the date of this prospectus and options exercisable for shares of common stock, with a per share exercise price equal to the public offering price and assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, that we intend to grant to each of our independent directors on the date of this prospectus.

Unless otherwise indicated, all information in this prospectus assumes:

- the underwriters do not exercise their over-allotment option, which entitles them to purchase up to additional shares of our common stock from the selling stockholder;
- a for stock split of our outstanding shares of Class A common stock and Class B common stock, which will be effected prior to the consummation of this offering; and
- the conversion of all of our outstanding shares of Class A common stock and Class B common stock into shares of our common stock, which will occur immediately prior to the consummation of this offering pursuant to the terms of our certificate of incorporation.

Summary consolidated financial and other operating data

We have derived the following summary consolidated financial data for the period from March 19, 2002 (inception) to December 31, 2002 and for the year ended December 31, 2003 from our audited consolidated financial statements, except for the pro forma data. We have derived the following summary consolidated financial data for the three months ended March 31, 2003 and 2004 and as of March 31, 2004 from our unaudited interim consolidated financial statements, except for the pro forma data. In the opinion of management, this information contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our results of operations and financial position for such periods. The summary information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with "Selected consolidated financial and other operating data," "Management's discussion and analysis of financial condition and results of operations" and the consolidated financial statements and related notes included elsewhere in this prospectus.

The pro forma balance sheet data gives effect to the following transactions as if each had occurred on March 31, 2004:

- the payment of a special dividend on each outstanding share of our common stock and 8% preferred stock on an as converted basis in an aggregate amount of $1.25 million, or $ per share of common stock and $ per share of 8% preferred stock, which was declared on May 12, 2004 and will be paid prior to the consummation of this offering; and
- the issuance of shares of restricted common stock to certain of our employees on the date of this prospectus.

The pro forma as adjusted balance sheet data gives effect to the foregoing transactions as well as the following transactions as if each had occurred on March 31, 2004:

- the sale by us of shares of our common stock in this offering at an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us;
- the use of approximately $ million of our estimated net proceeds to redeem our outstanding 8% preferred stock; and
- the use of approximately $ million of our estimated net proceeds to repay our outstanding 8% promissory notes.

For further information regarding the redemption of our 8% preferred stock and the repayment of our 8% promissory notes, see the section of this prospectus entitled "Use of proceeds."

Consolidated statements of operations data:	March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31, 2003	Three months ended March 31, 2004
			(unaudited)	
	(in thousands, except per share and other operating data)			
Revenues and reimbursable expenses:				
Revenues	$ 35,101	$ 101,486	$ 23,212	$ 40,101
Reimbursable expenses	2,921	8,808	2,069	3,443
Total revenues and reimbursable expenses	38,022	110,294	25,281	43,544
Direct costs and reimbursable expenses:				
Direct costs	26,055	69,401	13,581	24,868
Reimbursable expenses	2,921	8,929	2,069	3,523
Total direct costs and reimbursable expenses	28,976	78,330	15,650	28,391
Gross profit	9,046	31,964	9,631	15,153
Operating expenses:				
Selling, general and administrative expenses	8,813	25,185	4,826	8,158
Depreciation and amortization expense	3,048	5,328	1,290	603
Other operating expenses(1)	3,715	1,668	—	2,139
Total operating expenses	15,576	32,181	6,116	10,900
Operating (loss) income	(6,530)	(217)	3,515	4,253
Other expense:				
Interest expense	332	856	198	245
Other	1	112	1	—
Total other expense	333	968	199	245
(Loss) income before (benefit) provision for income taxes	(6,863)	(1,185)	3,316	4,008
(Benefit) provision for income taxes	(2,697)	(122)	1,375	1,661
Net (loss) income	(4,166)	(1,063)	1,941	2,347
Accrued dividends on 8% preferred stock	646	1,066	253	273
Net (loss) income attributable to common stockholders	$ (4,812)	$ (2,129)	$ 1,688	$ 2,074
Net (loss) income attributable to common stockholders per share:				
Basic	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Weighted average shares used in calculating net (loss) income attributable to common stockholders per share:				
Basic	27,147	27,303	27,147	27,540
Diluted	27,147	27,303	27,147	29,319
Unaudited pro forma net (loss) income attributable to common stockholders(2)		$ (580)		$ 2,464
Unaudited pro forma net (loss) income attributable to common stockholders per share:				
Basic		$		$
Diluted		$		$
Unaudited pro forma weighted average shares outstanding used in calculating net (loss) income attributable to common stockholders per share(3):				
Basic				
Diluted				

Other operating data (unaudited):

Number of consultants (at end of period)(4)	262	477	294	483
Utilization rate(5)	57.3%	66.1%	75.8%	73.4%
Average billing rate per hour(6)	$ 206	$ 217	$ 228	$ 229

Consolidated balance sheet data:	As of March 31, 2004		
	Actual	Pro forma	Pro forma as adjusted
		(unaudited) (in thousands)	
Cash and cash equivalents	$ 70		
Working capital	13,073		
Total assets	42,542		
Long-term debt (consisting of 8% promissory notes)	10,076		
Total 8% preferred stock	14,485		
Total stockholders' (deficit) equity	(4,536)		

(1) Other operating expenses include management and advisory fees paid to related parties and organizational costs totaling $3,715 for the period from March 19, 2002 (inception) to December 31, 2002, a loss on lease abandonment of $1,668 for the year ended December 31, 2003 and a restructuring charge of $2,139 for the three months ended March 31, 2004.

(2) The total pro forma adjustments to net (loss) income attributable to common stockholders are approximately $1,549 and $390 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively. The adjustments consist of an adjustment of approximately $1,066 and $273 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the accrued preferred stock dividends associated with our outstanding 8% preferred stock and an adjustment of approximately $483 and $117 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the interest expense, net of tax expense, related to our outstanding 8% promissory notes. We will redeem the 8% preferred stock and repay the 8% promissory notes with a portion of the net proceeds from this offering as discussed in the section of this prospectus entitled "Use of proceeds."

(3) The pro forma weighted average shares outstanding represents an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to the issuance of shares that would have been issued by us in this offering, based on an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, less estimated underwriting discounts and commissions and offering expenses payable by us in order to redeem our outstanding 8% preferred stock and repay our outstanding 8% promissory notes as if these transactions occurred at the beginning of each period. The pro forma weighted average shares outstanding also includes the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004 as if this issuance also occurred at the beginning of each period. We intend to issue these shares of restricted common stock to certain of our employees on the date of this prospectus.

(4) Consultants consist of our billable professionals.

(5) We calculate the utilization rate for our consultants by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days.

(6) Average billing rate per hour is calculated by dividing revenues for a period by the number of hours worked on client assignments during the same period.

Risk factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks below before making an investment decision. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our operations.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks. In such an event, the trading price of our common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS

Our inability to retain our senior management team and other managing directors would be detrimental to the success of our business.
We rely heavily on our senior management team and other managing directors, and our ability to retain them is particularly important to our future success. Given the highly specialized nature of our services, these people must have a thorough understanding of our service offerings as well as the skills and experience necessary to manage an organization consisting of a diverse group of professionals. In addition, we rely on our senior management team and other managing directors to generate and market our business. Further, in light of our limited operating history, our senior management's and other managing directors' personal reputations and relationships with our clients are a critical element in obtaining and maintaining client engagements. Although we enter into non-solicitation agreements with our senior management team and other managing directors, we do not enter into non-competition agreements. Accordingly, members of our senior management team and our other managing directors are not contractually prohibited from leaving or joining one of our competitors, and some of our clients could choose to use the services of that competitor instead of our services. If one or more members of our senior management team or our other managing directors leave and we cannot replace them with a suitable candidate quickly, we could experience difficulty in securing and successfully completing engagements and managing our business properly, which could harm our business prospects and results of operations.

Our inability to hire and retain talented people in an industry where there is great competition for talent could have a serious negative effect on our prospects and results of operations.
Our business involves the delivery of professional services and is highly labor-intensive. Our success depends largely on our general ability to attract, develop, motivate and retain highly skilled consultants. The loss of a significant number of our consultants or the inability to attract, hire, develop, train and retain additional skilled personnel could have a serious negative effect on us, including our ability to manage, staff and successfully complete our existing engagements and obtain new engagements. Qualified consultants are in great demand, and we face significant competition for both senior and junior consultants with the requisite credentials and experience. Our principal competition comes from other consulting firms, accounting firms and other similar enterprises. Many of these competitors may be able to offer significantly greater compensation and benefits or more attractive lifestyle choices, career paths or geographic locations than we do. Therefore, we may not be successful in attracting and retaining the skilled consultants we require to conduct and expand our operations successfully. Increasing competition for these consultants may also significantly increase our labor costs, which could negatively affect our margins and results of operations.

We have experienced net losses for most of our history, and our limited operating history makes evaluating our business difficult.
We have been operating since May 2002. For the period from March 19, 2002 (inception) through December 31, 2002 and for the year ended December 31, 2003, we experienced net losses of $4.2 million and $1.1 million, respectively. Although we generated net income of $2.3 million for the three months ended March 31, 2004, we may not sustain profitability in the future. For example, we generated net income of $1.9 million for the three months ended March 31, 2003, but experienced a net loss for the year ended December 31, 2003. Our net losses, among other things, have had, and should net losses occur in the future, will have, an adverse effect on our stockholders' equity and working capital. As of March 31, 2004, we had a total stockholders' deficit of $4.5 million. To sustain profitability, we must:

- attract, integrate, retain and motivate highly qualified consultants;
- maintain and enhance our brand recognition;
- expand our existing relationships with our clients and identify new clients in need of our services; and
- adapt to meet changes in our markets and competitive developments.

We may not be successful in accomplishing these objectives. Further, our limited operating history makes it difficult to evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in highly competitive industries. The historical information in this prospectus may not be indicative of our future financial condition and future performance.

If we are unable to manage the growth of our business successfully, we may not be able to sustain profitability.
We have grown significantly since we commenced operations, more than doubling the number of our consultants from 213 on May 31, 2002 to 483 as of March 31, 2004. As we continue to increase the number of our consultants, we may not be able to successfully manage a significantly larger workforce. Additionally, our significant growth has placed demands on our management and our internal systems, procedures and controls and will continue to do so in the future. To successfully manage growth, we must add administrative staff and periodically update and strengthen our operating, financial, accounting and other systems, procedures and controls, which will increase our costs and may adversely affect our gross profits and our ability to sustain profitability if we do not generate increased revenues to offset the costs. This need to augment our support infrastructure due to growth is compounded by our decision to become a public reporting company and the increased expense that will arise in complying with existing and new regulatory requirements. As a public company, our information and control systems must enable us to prepare accurate and timely financial information and other required disclosure. If we discover deficiencies in our existing information and control systems that impede our ability to satisfy our reporting requirements, we must successfully implement improvements to those systems in an efficient and timely manner.

Our financial results could suffer if we are unable to achieve or maintain adequate utilization and suitable billing rates for our consultants.
Our profitability depends to a large extent on the utilization and billing rates of our consultants. Utilization of our consultants is affected by a number of factors, including:

- the number and size of client engagements;
- the timing of the commencement, completion and termination of engagements, which in many cases is unpredictable;
- our ability to transition our consultants efficiently from completed engagements to new engagements;
- the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate;

- unanticipated changes in the scope of client engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate level of consultants; and
- conditions affecting the industries in which we practice as well as general economic conditions.

The billing rates of our consultants that we are able to charge are also affected by a number of additional factors, including:

- our clients' perception of our ability to add value through our services;
- the market demand for the services we provide;
- introduction of new services by us or our competitors;
- our competition and the pricing policies of our competitors; and
- general economic conditions.

If we are unable to achieve and maintain adequate utilization as well as maintain or increase the billing rates for our consultants, our financial results could materially suffer.

A significant portion of our revenues are derived from a limited number of clients, and our engagement agreements, including those related to our largest clients, can be terminated by our clients with little or no notice and without penalty, which may cause our operating results to be unpredictable.

As a consulting firm, we have derived, and expect to continue to derive, a significant portion of our revenues from a limited number of clients. Our ten largest clients accounted for 36.3% of our revenues in the partial year ended December 31, 2002, 32.1% of our revenues in the year ended December 31, 2003 and 30.9% of our revenues in the three months ended March 31, 2004. Our clients typically retain us on an engagement-by-engagement basis, rather than under fixed-term contracts, and the volume of work performed for any particular client is likely to vary from year to year, and a major client in one fiscal period may not require or decide to use our services in any subsequent fiscal period. Accordingly, the failure to obtain new large engagements or multiple engagements from existing or new clients could have a material adverse effect on the amount of revenues we generate.

In addition, almost all of our engagement agreements can be terminated by our clients with little or no notice and without penalty. For example, in engagements related to litigation, if the litigation were to be settled, our engagement for those services would no longer be necessary and therefore would be terminated. In client engagements that involve multiple engagements or stages, there is a risk that a client may choose not to retain us for additional stages of an engagement or that a client will cancel or delay additional planned engagements. These terminations, cancellations or delays could result from factors unrelated to our services or the progress of the engagement. When engagements are terminated, we lose the associated future revenues, and we may not be able to recover associated costs or redeploy the affected employees in a timely manner to minimize the negative impact. In addition, our clients' ability to terminate engagements with little or no notice and without penalty makes it difficult to predict our operating results in any particular fiscal period.

Our ability to maintain and attract new business depends upon our reputation, the professional reputation of our consultants and the quality of our services.

As a professional services firm, our ability to secure new engagements depends heavily upon our reputation and the individual reputations of our consultants. Any factor that diminishes our reputation or that of our consultants, including not meeting client expectations or misconduct by our consultants, could make it substantially more difficult for us to attract new engagements and clients. Similarly, because we obtain many of our new engagements from former or current clients or from referrals by those clients or by law

firms that we have worked with in the past, any client that questions the quality of our work or that of our consultants could impair our ability to secure additional new engagements and clients.

The consulting services industry is highly competitive, and we may not be able to compete effectively.

The consulting services industry in which we operate includes a large number of participants and is intensely competitive. We face competition from other business operations and financial consulting firms, general management consulting firms, the consulting practices of major accounting firms, technical and economic advisory firms, regional and specialty consulting firms and the internal professional resources of organizations. In addition, because there are relatively low barriers to entry, we expect to continue to face additional competition from new entrants into the business operations and financial consulting industries. We have six core offices and two smaller offices in the United States and do not have any international offices. Many of our competitors have a greater national presence and are also international in scope, as well as have significantly greater personnel, financial, technical and marketing resources. In addition, these competitors may generate greater revenues and have greater name recognition than we do. Our ability to compete also depends in part on the ability of our competitors to hire, retain and motivate skilled consultants, the price at which others offer comparable services and our competitors' responsiveness to their clients. If we are unable to compete successfully with our existing competitors or with any new competitors, our financial results will be adversely affected.

Additional hiring and any acquisitions could disrupt our operations, increase our costs or otherwise harm our business.

Our business strategy is dependent in part upon our ability to grow by hiring individuals or groups of consultants and by potentially acquiring complementary businesses. However, we may be unable to identify, hire, acquire or successfully integrate new consultants and complementary businesses without substantial expense, delay or other operational or financial problems. Competition for future hiring and acquisition opportunities in our markets could increase the compensation we offer to potential consultants or the price we pay for businesses we wish to acquire. In addition, we may be unable to achieve the financial, operational and other benefits we anticipate from any hiring or acquisition. Hiring additional consultants or acquiring complementary businesses could also involve a number of additional risks, including:

- the diversion of management's time, attention and resources from managing and marketing our company;
- the failure to retain key acquired personnel;
- potential impairment of existing relationships with our clients, such as client satisfaction or performance problems, whether as a result of integration or management difficulties or otherwise;
- the creation of conflicts of interest that require us to decline or resign from engagements that we otherwise could have accepted;
- the potential need to raise significant amounts of capital to finance a transaction or the potential issuance of equity securities that could be dilutive to our existing stockholders;
- increased costs to improve, coordinate or integrate managerial, operational, financial and administrative systems; and
- difficulties in integrating diverse backgrounds and experiences of consultants, including if we experience a transition period for newly hired consultants that results in a temporary drop in our utilization rates or margins.

If we fail to successfully address these risks, our ability to compete may be impaired.

If the number of large bankruptcies or other factors affecting demand for our corporate advisory services declines, our revenues and profitability could suffer.

Our corporate advisory services practice provides various turnaround, restructuring and bankruptcy services to companies in financial distress or their creditors or other stakeholders. This practice accounted for 30.7% and 27.1% of our revenues for the year ended December 31, 2003 and three months ended March 31, 2004, respectively. A number of factors affect demand for this practice. These factors include:

- over-expansion by various businesses;
- management's inability to address critical operational and financial issues;
- the level of lending activity and over-leveraging of companies; and
- challenging general economic conditions in the U.S., which have benefited our corporate advisory services practice since we commenced operations.

If demand for our corporate advisory services decreases, the revenues from our turnaround, restructuring and bankruptcy services could decline, which could harm our ability to sustain profitability.

The profitability of our fixed-fee engagements with clients may not meet our expectations if we underestimate the cost of these engagements.

Fixed-fee engagements generated approximately 11.9% and 15.6% of our revenues for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and consultants as we plan to deploy them on engagements. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-fee engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin.

Revenues from our performance-based engagements are difficult to predict, and the timing and extent of recovery of our costs is uncertain.

From time to time, primarily in our corporate advisory services and strategic sourcing practices, we enter into engagement agreements under which our fees include a significant performance-based component. Performance-based fees are contingent on the achievement of specific measures, such as our clients meeting cost-saving or other contractually defined goals. The achievement of these contractually-defined goals is often impacted by factors outside of our control, such as the actions of our client or third parties. Because performance-based fees are contingent, revenues on such engagements, which are recognized when all revenue recognition criteria are met, are not certain and the timing of receipt is difficult to predict and may not occur evenly throughout the year, thereby affecting our quarter by quarter results and potentially the price of our common stock. While performance-based fees comprised 3.3% and 5.6% of our revenues for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, we intend to continue to enter into performance-based fee arrangements and these engagements may take on added importance to our results.

Conflicts of interest could preclude us from accepting engagements thereby causing decreased utilization and revenues.
We provide services in connection with bankruptcy proceedings and litigation proceedings that usually involve sensitive client information and frequently are adversarial. In connection with bankruptcy proceedings, we are required by law to be "disinterested" and in litigation we would generally be prohibited from performing services in the same litigation for the party adverse to our client. In addition, our engagement agreement with a client or other business reasons may preclude us from accepting engagements with our clients' competitors or adversaries. As we increase the size of our operations, the number of conflict situations can be expected to increase. Moreover, in many industries in which we provide services, there has been a continuing trend toward business consolidations and strategic alliances. These consolidations and alliances reduce the number of companies that may seek our services and increase the chances that we will be unable to accept new engagements as a result of conflicts of interest. If we are unable to accept new engagements for any reason, our consultants may become underutilized, which would adversely affect our revenues and results of operations in future periods.

Expanding our service offerings or number of offices may not be profitable.
We may choose to develop new service offerings or open new offices because of market opportunities or client demands. Developing new service offerings involves inherent risks, including:

- our inability to estimate demand for the new service offerings;
- competition from more established market participants;
- a lack of market understanding; and
- unanticipated expenses to recruit and hire qualified consultants and to market our new service offerings.

In addition, expanding into new geographic areas and/or expanding current service offerings is challenging and may require integrating new employees into our culture as well as assessing the demand in the applicable market. For example, in August 2003, we established a small office in Palo Alto, California to service the Silcon Valley marketplace and, in September 2003, we established a small office in Miami, Florida to deepen our corporate finance capabilities. These offices did not meet our expectations and, therefore, we subsequently closed those offices and incurred a restructuring charge of $2.1 million in the three months ended March 31, 2004. If we cannot manage the risks associated with new service offerings or new locations effectively, we are unlikely to be successful in these efforts, which could harm our ability to sustain profitability and our business prospects.

Our engagements could result in professional liability, which could be very costly and hurt our reputation.
Our engagements typically involve complex analyses and the exercise of professional judgment. As a result, we are subject to the risk of professional liability. If a client questions the quality of our work, the client could threaten or bring a lawsuit to recover damages or contest its obligation to pay our fees. Litigation alleging that we performed negligently or breached any other obligations to a client could expose us to significant legal liabilities and, regardless of outcome, is often very costly, could distract our management and could damage our reputation. We are not always able to include provisions in our engagement agreements that are designed to limit our exposure to legal claims relating to our services. Even if these limiting provisions are included in an engagement agreement, they may not protect us or may not be enforceable under some circumstances. In addition, we carry professional liability insurance to cover many of these types of claims, but the policy limits and the breadth of coverage may be inadequate to cover any particular claim or all claims plus the cost of legal defense. For example, we provide services on engagements in which the impact on a client may substantially exceed the limits of

our errors and omissions insurance coverage. If we are found to have professional liability with respect to work performed on such an engagement, we may not have sufficient insurance to cover the entire liability.

Our intellectual property rights in our "Huron Consulting Group" name are important, and any inability to use that name could negatively impact our ability to build brand identity.

We believe that establishing, maintaining and enhancing the "Huron Consulting Group" name is important to our business. We believe that we have the right to use the "Huron Consulting Group" name in connection with our services, and to date have not received any objections from third parties to the use of our name. We are, however, aware of a number of other companies that use names containing "Huron." If another company were to successfully challenge our right to use our name, our ability to build brand identity could be negatively impacted.

We could be named in lawsuits because we were founded by former Arthur Andersen LLP partners and professionals and contracted with Arthur Andersen for releases from non-competition agreements.

We were founded by a core group of consultants that consisted primarily of former Arthur Andersen LLP partners and professionals, and we entered into a contract with Arthur Andersen to release these partners and professionals from non-competition agreements with Arthur Andersen. These circumstances might lead creditors of Arthur Andersen and other parties to bring claims against us or some of our managing directors or other consultants seeking recoveries for liabilities of Arthur Andersen. While we do not believe that our founding by former Arthur Andersen partners and professionals or our contract with Arthur Andersen gives rise to any liability for us or them, we cannot assure you that, should persons or entities with claims against Arthur Andersen seek to hold us or our managing directors or consultants liable, we will be able to successfully avoid liability for such claims. In addition, litigation of this nature or otherwise could divert the time and attention of our managing directors and consultants, and we could incur substantial defense costs.

As a holding company, we are totally dependent on distributions from our operating subsidiary to pay obligations.

We are a holding company with no business operations. Our only significant asset is the outstanding equity interest of our wholly-owned operating subsidiary. As a result, we must rely on payments from our subsidiary to meet our obligations. We currently expect that the earnings and cash flow of our subsidiary will primarily be retained and used by it in its operations, including servicing any debt obligations it may have now or in the future. Accordingly, although we do not anticipate paying any dividends in the foreseeable future other than the special dividend of $1.25 million that we declared on
May 12, 2004 and intend to pay prior to the consummation of this offering, our subsidiary may not be able to generate sufficient cash flow to distribute funds to us in order to allow us to pay future dividends on, or make any distribution with respect to, our common stock. Our future credit facilities, other future debt obligations and statutory provisions may also limit our ability to pay dividends or make any distribution in respect of our common stock.

RISKS ASSOCIATED WITH PURCHASING OUR COMMON STOCK IN THIS OFFERING

As a new investor, you will incur immediate and substantial dilution.

If you purchase shares of our common stock in this offering, you will experience an immediate and substantial dilution of $ in pro forma net tangible book value per share of your investment as described in the section of this prospectus entitled "Dilution." This means that the price you pay for the shares you acquire in this offering will be significantly higher than their net tangible book value per

share. If we issue additional shares of common stock in the future, you may experience further dilution in the net tangible book value of your shares. Likewise, you will incur additional dilution if the holders of outstanding options to purchase shares of our common stock at prices below our net tangible book value per share exercise their options after this offering.

Sales of a substantial number of shares of our common stock following this offering may adversely affect the market price of our common stock, and the issuance of additional shares will dilute all other stockholdings.

Sales of a substantial number of shares of our common stock in the public market following this offering, or the perception that large sales could occur, could cause the market price of our common stock to decline or limit our future ability to raise capital through an offering of equity securities. After completion of this offering, there will be shares of our common stock outstanding. All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the federal securities laws unless purchased by our "affiliates" within the meaning of Rule 144 under the Securities Act. of the remaining shares of outstanding common stock, representing approximately % of the outstanding common stock upon completion of this offering, will be "restricted securities" under the Securities Act, subject to restrictions on the timing, manner and volume of sales of those shares. Upon consummation of this offering, HCG Holdings LLC and Gary E. Holdren will be entitled to certain registration rights with respect to restricted securities. In addition, our certificate of incorporation permits the issuance of up to shares of common stock. After this offering, we estimate that we will have an aggregate of approximately shares of our common stock authorized but unissued. Thus, we have the ability to issue substantial amounts of common stock in the future, which would dilute the percentage ownership held by the investors who purchase our shares in this offering.

The company, each member of our board of directors, each of our director nominees, each of our executive officers and managing directors and the selling stockholder have agreed for a period of at least 180 days after the date of this prospectus, to not, without the prior written consent of UBS Securities LLC and Deutsche Bank Securities Inc., directly or indirectly, offer to sell, sell, pledge or otherwise dispose of any shares of our common stock, subject to certain permitted exceptions. Following the expiration of the lock-up period, shares of common stock subject to these agreements will be available for sale in the public market, subject to the vesting of the restricted common stock and the restrictions on sales of "restricted securities" under the Securities Act.

Following the effectiveness of the registration statement of which this prospectus forms a part, we intend to file a registration statement on Form S-8 under the Securities Act covering shares reserved for issuance under our equity incentive compensation plans. Accordingly, subject to applicable vesting requirements and exercise with respect to options and the provisions of Rule 144 with respect to affiliates, shares registered under that registration statement will be available for sale in the open market immediately after the 180-day lock-up agreements expire. As soon as practicable following the filing of the Form S-8 registration statement, we intend to grant shares of restricted common stock to certain of our employees.

For a more detailed description of additional shares that may be sold in the future, see the sections of this prospectus captioned "Shares eligible for future sale" and "Underwriting."

Because HCG Holdings LLC will have the ability to continue to control us after this offering, the influence of our public stockholders over significant corporate actions will be limited, and conflicts of interest between HCG Holdings LLC and us or you could arise in the future.

After the completion of this offering, HCG Holdings LLC will control approximately % of our outstanding common stock, or approximately % if the underwriters exercise their over-allotment

option in full. As a result, after this offering, HCG Holdings LLC will continue to have the power to control all matters submitted to our stockholders, including the election of our directors and amendments to our certificate of incorporation, and will have the ability to approve or prevent any transaction that requires the approval of stockholders regardless of whether or not other stockholders believe that any such transactions are in their own best interests. Additionally, Lake Capital Partners LP and its affiliates, which control HCG Holdings LLC, are in the business of making investments in companies and have and, may from time to time acquire and hold, interests in businesses that compete directly or indirectly with us. These entities may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as HCG Holdings LLC continues to own a significant amount of the outstanding shares of our common stock, it will continue to be able to strongly influence or effectively control our decisions.

Our common stock does not have a trading history, and you may not be able to trade our common stock if an active trading market does not develop.

Prior to this offering, there has been no public market for our common stock. We intend to apply for quotation of our common stock on the NASDAQ National Market under the symbol "HURN." Although the underwriters have informed us that they intend to make a market in our common stock, they are not obligated to do so, and any market-making may be discontinued at any time without notice. Therefore, an active trading market for our common stock may not develop or, if it does develop, may not continue. As a result, the market price of our common stock, as well as your ability to sell our common stock, could be adversely affected.

The value of your investment may be subject to sudden decreases due to the potential volatility of the price of our common stock.

The market price of our common stock may be highly volatile and subject to wide fluctuations in response to numerous factors, including the following:

- variations in our quarterly results of operations, which could result from numerous factors including:
  - the size and number of client engagements commenced and completed during a quarter;
  - the achievement of milestones under performance-based engagements;
  - the number of business work days in a quarter; and
  - the number of our consultants;
- additions or departures of key personnel;
- our ability to maintain adequate utilization of our consultants;
- press releases or publicity relating to us or our competitors or relating to trends in the industry;
- the loss of significant clients or engagements;
- changes in our reputation or the reputations of our consultants;
- acquisitions or strategic alliances involving us or our competitors;
- changes in the legal or regulatory environment affecting businesses to which we provide services;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- the operating and stock performance of other companies that investors may deem comparable;
- inability to meet quarterly or annual estimates or targets of our performance;
- general domestic or international economic, market and political conditions; and
- future sales of our common stock.

These factors may adversely affect the trading price of our common stock, regardless of our actual operating performance, and could prevent you from selling your common stock at or above the initial public offering price. In addition, the stock markets from time to time experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies.

In the past, some stockholders have brought securities class action lawsuits against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation, regardless of whether we are ultimately successful, could result in substantial costs and divert management's attention and resources.

Provisions of our certificate of incorporation, our bylaws and Delaware law could delay or prevent a takeover of us by a third party.
Our certificate of incorporation and bylaws and Delaware law could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the price of our common stock. For example, our charter and bylaws will:

- permit our board of directors to issue one or more series of preferred stock with rights and preferences designated by our board;
- stagger the terms of our board of directors into three classes;
- limit the ability of stockholders to remove directors;
- prohibit stockholders from filling vacancies on our board of directors;
- prohibit stockholders from calling special meetings of stockholders and from taking action by written consent;
- impose advance notice requirements for stockholder proposals and nominations of directors to be considered at stockholder meetings;
- require the approval of not less than two-thirds of the voting power of all of the shares of our capital stock entitled to vote, voting together as a single class, to amend any provision of our charter described in the second through sixth bullet points above; and
- grant our board of directors the authority to amend and repeal our bylaws without a stockholder vote and require the approval of at least two-thirds of the voting power of all of the shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, for stockholders to amend or repeal our bylaws.

These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors other than the candidates nominated by our board. See "Description of capital stock" for additional information on the anti-takeover measures applicable to us.

We do not anticipate paying any dividends following the consummation of this offering.
Following the consummation of this offering, we currently expect that we will retain our future earnings, if any, for use in the operation and expansion of our business, and we do not anticipate paying any cash dividends. As a result, our stock may be less attractive to investors who seek dividend payments.

Special note regarding forward-looking statements

Some of the statements under “Prospectus summary,” “Risk factors,” “Management’s discussion and analysis of financial condition and results of operations,” “Business” and elsewhere in this prospectus constitute forward-looking statements that reflect our current expectation about our future results, levels of activity, performance or achievements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of such terms or other comparable terminology. These statements involve known and unknown risks, uncertainties and other factors, including, among others, those described under “Risk factors” and elsewhere in this prospectus, that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Therefore, you should not place undue reliance on our forward-looking statements. We are under no duty and do not intend to update any of the forward-looking statements after the date of this prospectus.

Use of proceeds

We estimate that the net proceeds that we will receive from our sale of shares of common stock in this offering will be $ million, assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares by the selling stockholder.

Upon the consummation of this offering, we will use approximately $ million of our net proceeds from this offering to exercise our option to redeem our outstanding 8% preferred stock, which is equal to their original issuance price plus cumulative dividends that will have accrued from the date of investment through the date of this prospectus at a rate of 8% per annum, compounded annually, together with a liquidation participation amount calculated as if we were liquidated at the date of redemption, and approximately $ million to repay our outstanding 8% promissory notes, including accrued and unpaid interest. HCG Holdings LLC, the selling stockholder, currently owns approximately 94% of our common stock and all of our outstanding 8% preferred stock and 8% promissory notes. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by certain institutional investors, some of our executive officers and employees, each of our board members, a director nominee and approximately 30 other holders.

We will retain broad discretion in the allocation of the net proceeds of this offering that are not used to redeem the 8% preferred stock and repay our outstanding 8% promissory notes. We intend to use the balance of our net proceeds for general corporate purposes, including working capital. Should we determine to employ cash resources for the acquisition of complementary businesses or services, the amounts available for general corporate purposes may be significantly reduced. Although we evaluate potential acquisitions in the ordinary course of business, we have no specific understandings, commitments or agreements with respect to any acquisition or investment at this time.

Until we use the net proceeds of this offering for general corporate purposes, we intend to invest the funds in short-term, investment-grade, interest-bearing securities. We cannot predict whether the proceeds invested will yield a favorable return.

Dividend policy

On May 12, 2004, we declared a special dividend on each outstanding share of our common stock and 8% preferred stock payable to holders of record on May 25, 2004. The 8% preferred stock will participate on an as converted basis. The aggregate amount of the dividend will be $1.25 million, or $ per share of common stock and $ per share of 8% preferred stock, and will be paid prior to the consummation of this offering. Other than the special dividend we have not declared or paid any dividends on our common stock since our inception and do not intend to pay any dividends on our common stock in the foreseeable future. We currently expect that we will retain our future earnings, if any, for use in the operation and expansion of our business. Future cash dividends, if any, will be at the discretion of our board of directors and will depend upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors the board of directors may deem relevant.

Capitalization

The following table sets forth our capitalization as of March 31, 2004:

- Ø on an actual basis;
- Ø on a pro forma basis to give effect to the following events as if each had occurred on March 31, 2004:
  - – the payment of a special dividend on each outstanding share of our common stock and 8% preferred stock on an as converted basis in an aggregate amount of $1.25 million, or $ per share of common stock and $ per share of 8% preferred stock, which was declared on May 12, 2004 and will be paid prior to the consummation of this offering; and
  - – the issuance of shares of restricted common stock to certain of our employees, which will occur on the date of this prospectus.
- Ø on a pro forma as adjusted basis to give effect to the foregoing events and the following events as if each had occurred on March 31, 2004:
  - – the conversion of all of our outstanding shares of Class A common stock and Class B common stock into shares of our common stock pursuant to the terms of our certificate of incorporation, which will occur immediately prior to the consummation of this offering;
  - – the sale by us of shares of our common stock in this offering at an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us;
  - – the use of approximately $ million of our estimated net proceeds to redeem our outstanding 8% preferred stock; and
  - – the use of approximately $ million of our estimated net proceeds to repay our outstanding 8% promissory notes.

For further information regarding the redemption of our 8% preferred stock and the repayment of our outstanding 8% promissory notes, see the section of this prospectus entitled “Use of proceeds.”

Capitalization

The information set forth below should be read in conjunction with "Selected consolidated financial and other operating data," "Management's discussion and analysis of financial condition and results of operations" and our financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2004		
	Actual	Pro forma	Pro forma as adjusted
		(unaudited) (in thousands)	
Cash and cash equivalents(1)	$ 70	$ —	$
Long-term debt (consisting of 8% promissory notes)	$ 10,076	$ 10,076	$ —
Total 8% preferred stock	14,485	14,485	—
Stockholders' (deficit) equity:			
Class A common stock, par value $.01 per share; shares authorized; shares issued and outstanding at March 31, 2004, actual and pro forma; no shares authorized, issued and outstanding, pro forma as adjusted	259	259	—
Class B common stock; par value $.01 per share, shares authorized; shares issued and outstanding at March 31, 2004, actual and pro forma; no shares authorized, issued and outstanding, pro forma as adjusted	16	16	—
Common stock, par value $.01 per share; shares authorized; no shares authorized, issued and outstanding at March 31, 2004, actual and pro forma; shares issued and outstanding, pro forma as adjusted	—	—	
Restricted common stock	—		
Additional paid-in capital	56	—	
Retained deficit	(4,867)		
Total stockholders' (deficit) equity	(4,536)		
Total capitalization	$ 20,025	$	$

(1) As of March 31, 2004, we would have utilized borrowings under the line of credit and the balance of cash and cash equivalents to pay the special dividend.

The outstanding share information as of March 31, 2004 excludes shares of common stock issuable upon the exercise of outstanding stock options issued under our equity incentive plans, with a weighted average exercise price of $ per share.

Dilution

Purchasers of our common stock in this offering will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the offering price paid by the purchasers of our common stock exceeds the pro forma as adjusted net tangible book value per share of our common stock after the offering. Pro forma net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of our common stock deemed to be outstanding on the date the book value is determined after giving effect to a for stock split of our Class A common stock and Class B common stock, which will occur prior to the consummation of this offering.

At March 31, 2004, we had a net tangible book value of $(4.5) million, or $ per share of common stock. After giving effect to adjustments relating to this offering as if they had occurred on March 31, 2004, our pro forma as adjusted net tangible book value at March 31, 2004 would have been $, or $ per share of common stock. This represents an immediate increase in net tangible book value to existing stockholders of $ per share and an immediate dilution to new investors of $ per share. The adjustments made to determine pro forma as adjusted net tangible book value per share are:

- the payment of a special dividend on each outstanding share of our common stock and 8% preferred stock on an as converted basis in an aggregate amount of $1.25 million, or $ per share of common stock and $ per share of preferred stock, which was declared on May 12, 2004 and will be paid prior to the consummation of this offering;
- the issuance of shares of restricted common stock to certain of our employees on the date of this prospectus;
- the sale by us of shares of our common stock in this offering at an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us;
- the use of approximately $ million of our estimated net proceeds to redeem our outstanding 8% preferred stock; and
- the use of approximately $ million of our estimated net proceeds to repay our outstanding 8% promissory notes.

For further information regarding the redemption of our 8% preferred stock and the repayment of our outstanding 8% promissory notes, see the section of this prospectus entitled “Use of proceeds.”

The following table illustrates this per share dilution:

Assumed public offering price per share		$
Pro forma net tangible book value per share at March 31, 2004 before this offering	$	
Increase in pro forma net tangible book value per share resulting from this offering	$	
Pro forma as adjusted net tangible book value per share at March 31, 2004 after this offering		$
Dilution per share to new investors		$

Dilution

The following table summarizes on a pro forma as adjusted basis, as of March 31, 2004, the differences between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total cash consideration paid to us and the average price per share paid by existing stockholders and by new investors purchasing common stock in this offering, assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus (before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us):

	Shares purchased		Total cash consideration		Average price per share
	Number	%	Amount	%	
Existing stockholders		%	$	%	$
New investors		%		%	
Total		%	$	%	

The discussion and tables above exclude shares of common stock issuable upon the exercise of outstanding stock options issued under our equity incentive plans as of March 31, 2004, with a weighted average exercise price of $ per share, and shares available for future issuance under our equity incentive plans as of March 31, 2004. To the extent that any of our outstanding options are exercised there will be further dilution to new investors.

Selected consolidated financial and other operating data

We have derived the following selected consolidated financial data as of the end of and for the period from March 19, 2002 (inception) to December 31, 2002 and as of and for the year ended December 31, 2003 from our audited consolidated financial statements, except for the pro forma data. We have derived the following selected consolidated financial data for the three months ended March 31, 2003 and as of and for the three months ended March 31, 2004 from our unaudited interim consolidated financial statements, except for the pro forma data. In the opinion of management, this information contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our results of operations and financial position for such periods. The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with “Management’s discussion and analysis of financial condition and results of operations” and the financial statements and related notes included elsewhere in this prospectus.

Selected consolidated financial and other operating data

Consolidated statements of operations data:	March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31, 2003	Three months ended March 31, 2004
		(in thousands, except per share and other operating data)	(unaudited)	
Revenues and reimbursable expenses:				
Revenues	$ 35,101	$ 101,486	$ 23,212	$ 40,101
Reimbursable expenses	2,921	8,808	2,069	3,443
Total revenues and reimbursable expenses	38,022	110,294	25,281	43,544
Direct costs and reimbursable expenses:				
Direct costs	26,055	69,401	13,581	24,868
Reimbursable expenses	2,921	8,929	2,069	3,523
Total direct costs and reimbursable expenses	28,976	78,330	15,650	28,391
Gross profit	9,046	31,964	9,631	15,153
Operating expenses:				
Selling, general and administrative expenses	8,813	25,185	4,826	8,158
Depreciation and amortization expense	3,048	5,328	1,290	603
Other operating expenses(1)	3,715	1,668	—	2,139
Total operating expenses	15,576	32,181	6,116	10,900
Operating (loss) income	(6,530)	(217)	3,515	4,253
Other expense:				
Interest expense	332	856	198	245
Other	1	112	1	—
Total other expense	333	968	199	245
(Loss) income before (benefit) provision for income taxes	(6,863)	(1,185)	3,316	4,008
(Benefit) provision for income taxes	(2,697)	(122)	1,375	1,661
Net (loss) income	(4,166)	(1,063)	1,941	2,347
Accrued dividends on 8% preferred stock	646	1,066	253	273
Net (loss) income attributable to common stockholders	$ (4,812)	$ (2,129)	$ 1,688	$ 2,074
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Weighted average shares used in calculating net (loss) income attributable to common stockholders per share:				
Basic	27,147	27,303	27,147	27,540
Diluted	27,147	27,303	27,147	29,319
Unaudited pro forma net (loss) income attributable to common stockholders(2)		$ (580)		$ 2,464
Unaudited pro forma net (loss) income attributable to common stockholders per share:				
Basic		$		$
Diluted		$		$
Unaudited pro forma weighted average shares outstanding used in calculating net (loss) income attributable to common stockholders per share(3):				
Basic				
Diluted				

Selected consolidated financial and other operating data

Other operating data (unaudited):				
Number of consultants (at end of period)(4)	262	477	294	483
Utilization rate(5)	57.3%	66.1%	75.8%	73.4%
Average billing rate per hour(6)	$ 206	$ 217	$ 228	$ 229

Consolidated balance sheet data:	As of December 31, 2002	As of December 31, 2003	As of March 31, 2004
		(in thousands)	(unaudited)
Cash and cash equivalents	$ 4,449	$ 4,251	$ 70
Working capital	9,780	10,159	13,073
Total assets	26,583	39,889	42,542
Long-term debt (consisting of 8% promissory notes)	10,076	10,076	10,076
Total 8% preferred stock	13,146	14,212	14,485
Total stockholders' deficit	(4,543)	(6,624)	(4,536)

(1) Other operating expenses include management and advisory fees paid to related parties and organizational costs totaling $3,715 for the period from March 19, 2002 (inception) to December 31, 2002, a loss on lease abandonment of $1,668 for the year ended December 31, 2003 and a restructuring charge of $2,139 for the three months ended March 31, 2004.

(2) The total pro forma adjustments to net (loss) income attributable to common stockholders are approximately $1,549 and $390 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively. The adjustments consist of an adjustment of approximately $1,066 and $273 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the accrued preferred stock dividends associated with our outstanding 8% preferred stock and an adjustment of approximately $483 and $117 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the interest expense, net of tax expense, related to the repayment of our outstanding 8% promissory notes. We will redeem the 8% preferred stock and repay the 8% promissory notes with a portion of the net proceeds from this offering as discussed in the section of this prospectus entitled "Use of proceeds."

(3) The pro forma weighted average shares outstanding represents an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to the issuance of shares that would have been issued by us in this offering, based on an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, less estimated underwriting discounts and commissions and offering expenses payable by us in order to redeem our outstanding 8% preferred stock and repay our outstanding 8% promissory notes as if these transactions occurred at the beginning of each period. The pro forma weighted average shares outstanding also includes the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004, as if this issuance also occurred at the beginning of each period. We intend to issue these shares of restricted common stock to certain of our employees on the date of this prospectus.

(4) Consultants consist of our billable professionals.

(5) We calculate the utilization rate for our consultants by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days.

(6) Average billing rate per hour is calculated by dividing revenues for a period by the number of hours worked on client assignments during the same period.

Management's discussion and analysis of financial condition and results of operations

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the risks described in "Risk factors" and elsewhere in this prospectus. You should read the following discussion with "Selected consolidated financial and other operating data" and our financial statements and related notes included elsewhere in this prospectus.

OVERVIEW

We are an independent provider of financial and operational consulting services. We commenced operations in May 2002 with a core group of experienced financial and operational consultants, composed primarily of former Arthur Andersen LLP partners and professionals. We have grown significantly since we commenced operations, more than doubling the number of our consultants from 213 on May 31, 2002 to 483 as of March 31, 2004. In response to strong demand for our services, we began aggressively hiring consultants in the first quarter of 2003 and added over 200 new consultants during 2003. While this aggressive hiring reduced our utilization rate (determined by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days) as we integrated our new hires, we believe the early results of this growth initiative are evident in our recent financial results. Revenues in 2002 totaled $35.1 million for our first eight months of operations and rose to $101.5 million in 2003, our first full year of operations. Revenues in the three months ended March 31, 2004 totaled $40.1 million, a 72.8% increase from revenues of $23.2 million in the three months ended March 31, 2003.

We provide our services through two segments: Financial Consulting and Operational Consulting. Our Financial Consulting segment provides services that help clients effectively address complex challenges that arise from litigation, disputes, investigations, regulation, financial distress and other sources of significant conflict or change. Our Operational Consulting segment provides services that help clients improve the overall efficiency and effectiveness of their operations, reduce costs, manage regulatory compliance and maximize procurement efficiency.

Revenues

We derive all of our revenues from providing financial and operational consulting services through three principal types of billing arrangements consisting of time-and-expense, fixed-fee and performance-based. Revenues as presented are net of provision for doubtful accounts and unbilled services. We manage our business on the basis of revenues before reimbursable expenses. We believe this is the most accurate reflection of our consulting services because it eliminates the effect of reimbursable expenses that we bill to our clients at cost.

Since our inception, most of our revenues have been generated from time-and-expense engagements. In time-and-expense engagements, fees are based on the hours incurred at agreed upon billing rates. Time-and-expense engagements represented approximately 78.8% of our revenues in the three months ended March 31, 2004.

In fixed-fee engagements, we agree to a pre-established fee in exchange for a pre-determined set of consulting services. We set the fees based on our estimates of the costs and timing for completing the fixed-fee 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. For the three months ended March 31, 2004, fixed-fee engagements represented approximately 15.6% of our revenues.

Performance-based fee engagements generally tie fees to the attainment of contractually defined objectives. We enter into performance-based engagements in essentially two forms. First, 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. Second, we have performance-based engagements in which we earn a success fee when and if certain pre-defined outcomes occur. Often this type of success fee supplements time-and-expense or fixed-fee engagements. While performance-based fee revenues represented approximately 5.6% of our revenues in the three months ended March 31, 2004, such revenues in the future may cause significant variations in quarterly revenues and operating results due to the timing of achieving the performance-based criteria.

Our quarterly results are also affected by our utilization rate and the number of business work days in each quarter. Our utilization rate can be negatively affected by increased hiring because there is generally a transition period for new consultants 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 spending on existing and new engagements, which would negatively affect our utilization rate. The number of business work days are also affected by the number of vacation days taken by our consultants and holidays in each quarter. We typically have 10% to 15% fewer business work days available in the third and fourth quarters of the year, which can impact revenues during those periods. In particular, the decline in the number of business work days in the third and fourth quarters of 2002 and 2003 was offset by the hiring of a substantial number of additional consultants during those periods, thereby resulting in an increase in sequential revenues by quarter during both years. Future quarterly revenues will be impacted principally by the number of our available consultants, our utilization rate and the number of business work days in a quarter.

Reimbursable expenses

Reimbursable expenses that are billed to clients, primarily relating to travel and out-of-pocket expenses incurred in connection with engagements, are included in total revenues and reimbursable expenses, and typically an equivalent amount of these expenses are included in total direct cost of revenues and reimbursable expenses.

Direct costs

Our most significant expenses are costs classified as direct costs. These direct costs primarily include salaries, performance bonuses, payroll taxes and benefits for consultants, as well as fees paid to independent subcontractors that we retain to supplement consulting personnel, typically on an as needed basis for specific client engagements.

Operating expenses

Our operating expenses include selling, general and administrative expenses, which consist primarily of salaries, performance bonuses, payroll taxes and benefits for non-billable professionals. Also included in this category are other sales and marketing related expenses, rent and other office related expenses, professional fees and depreciation and amortization expense.

Segment results

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 corporate office support costs, all 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.

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, or GAAP. The notes to our consolidated financial statements include disclosure of our significant accounting policies. We annually review our financial reporting and disclosure practices and accounting policies to ensure that our financial reporting and disclosures provide accurate information relative to the current economic and business environment. The preparation of financial statements in conformity with GAAP requires management to make assessments, estimates and assumptions that affect the reported amount 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 policies, which are presented in detail in the notes to our financial statements, relate to revenue recognition, the provision for doubtful accounts and unbilled services, valuation of net deferred tax assets and stock-based compensation.

Revenue recognition

We recognize revenues in accordance with Staff Accounting Bulletin, or SAB, No. 101, "Revenue Recognition in Financial Statements," as amended by SAB No. 104, "Revenue Recognition." Revenue is recognized when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed and determinable and collectibility is reasonably assured. Our services are primarily rendered under engagements that require the client to pay on a time-and-expense basis. Fees are based on the hours incurred at agreed-upon rates and recognized as services are provided. Revenues related to fixed-fee engagements are recognized based on estimates of work completed versus the total services to be provided under the engagement. Losses, if any, on fixed-fee engagements are recognized in the period in which the loss first becomes probable and reasonably estimable. To date, such losses have not been significant. Revenues related to performance-based engagements are recognized when all performance-based criteria are met. Reimbursable expenses related to time-and-expense and fixed-fee engagements are recognized as revenue in the period in which the expense is incurred. Reimbursable expenses subject to performance-based criteria are recognized as revenue when all performance criteria are met. Direct costs incurred on all types of engagements, including performance-based engagements, are recognized in the period in which incurred.

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled services or deferred revenue. Revenues recognized for services performed but not yet billed to clients are recorded as unbilled services. Amounts billed to clients but not yet recognized as revenues are recorded as deferred revenue. Client prepayments and retainers that are unearned are also classified as deferred revenue and recognized over future periods as earned in accordance with the applicable engagement agreement.

Provision for doubtful accounts and unbilled services

We maintain a provision for doubtful accounts and for services performed but not yet billed for estimated losses based on several factors, including the historical percentages of fee adjustments and write-offs by practice group, an assessment of a client's ability to make required payments and the estimated cash realization from amounts due from clients. The provision is assessed by management on a quarterly basis. If the financial condition of a client deteriorates in the future, impacting the client's ability to make payments, an increase to our provision might be required or our provision may not be sufficient to cover actual write-offs.

Valuation of net deferred tax assets

We have recorded net deferred tax assets as we expect to realize future tax benefits related to the utilization of these assets. Although net losses have been experienced since our inception in 2002, no valuation allowance has been recorded relating to these deferred tax assets because we believe that it is more likely than not that future taxable income will be sufficient to allow us to utilize these assets. Should we determine in the future that we will not be able to fully utilize all or part of these deferred tax assets, we would need to establish a valuation allowance, which would be recorded as a charge to income in the period the determination was made. While utilization of these deferred tax assets will provide future cash flow benefits, they will not have an effect on future income tax provisions.

Stock-based compensation

The accounting for stock-based compensation is complex, and under certain circumstances, GAAP allows for alternative methods. As permitted, we account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and have elected the disclosure option of Statement of Financial Accounting Standards, or SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 requires that companies either recognize compensation expense for grants of stock, stock options and other equity instruments based on fair value, or provide pro forma disclosure of net income and earnings per share in the notes to the financial statements. Accordingly, we have measured compensation expense for stock options that we have granted to employees as the excess, if any, of the estimated fair value of our common stock, based upon the results of an independent appraiser, at the date of grant over the exercise price. The calculated stock-based compensation is included as a component of stockholders' equity and is amortized on a straight-line basis by charges to earnings over the vesting period of the applicable options.

RESULTS OF OPERATIONS

The following table sets forth selected segment and consolidated operating results and other operating data for the periods indicated:

Segment and consolidated operating results:	Period from March 19, 2002 (inception) to Dec. 31, 2002	Year ended December 31, 2003	Three months ended March 31, 2003	Three months ended March 31, 2004
		(in thousands)	(unaudited)	
Revenues and reimbursable expenses:				
Financial Consulting revenues	$ 22,400	$ 69,941	$ 17,217	$ 24,718
Operational Consulting revenues	12,701	31,545	5,995	15,383
Total revenues	35,101	101,486	23,212	40,101
Total reimbursable expenses	2,921	8,808	2,069	3,443
Total revenues and reimbursable expenses	$ 38,022	$ 110,294	$ 25,281	$ 43,544
Operating (loss) income:				
Financial Consulting	$ 3,912	$ 22,011	$ 7,592	$ 8,470
Operational Consulting	3,527	5,383	1,336	5,114
Total segment operating income	7,439	27,394	8,928	13,584
Unallocated corporate costs	7,206	20,615	4,123	6,589
Depreciation and amortization expense	3,048	5,328	1,290	603
Other operating expenses	3,715	1,668	—	2,139
Total operating expenses	13,969	27,611	5,413	9,331
Operating (loss) income	$ (6,530)	$ (217)	$ 3,515	$ 4,253
Other operating data (unaudited):				
Number of consultants (at period end)(1):				
Financial Consulting	172	290	190	287
Operational Consulting	90	187	104	196
Total	262	477	294	483
Utilization rate(2):				
Financial Consulting	55.7%	66.8%	80.8%	72.5%
Operational Consulting	60.5%	65.0%	66.4%	74.8%
Total	57.3%	66.1%	75.8%	73.4%
Average billing rate per hour(3):				
Financial Consulting	$ 212	$ 233	$ 237	$ 240
Operational Consulting	$ 195	$ 189	$ 204	$ 213
Total	$ 206	$ 217	$ 228	$ 229

(1) Consultants consist of our billable professionals.

(2) We calculate the utilization rate for our consultants by dividing the number of hours all our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days.

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

Three months ended March 31, 2004 compared to the three months ended March 31, 2003

Revenues

Revenues increased $16.9 million, or 72.8%, to $40.1 million for the three months ended March 31, 2004 from $23.2 million for the three months ended March 31, 2003. Revenues from time-and-expense engagements increased $11.5 million, or 57.2%, to $31.6 million for the three months ended March 31, 2004 from $20.1 million for the three months ended March 31, 2003. Revenues from fixed-fee engagements increased $3.7 million, or 142.3%, to $6.3 million for the three months ended March 31, 2004 from $2.6 million for the three months ended March 31, 2003. Revenues from performance-based engagements increased $1.7 million, or 340.0%, to $2.2 million for the three months ended March 31, 2004 from $0.5 million for the three months ended March 31, 2003.

The increase in revenues was reflective of accelerated hiring and increased billing rates without a significant decrease in utilization. The average number of consultants increased to 483 for the three months ended March 31, 2004 from 279 for the three months ended March 31, 2003, due to the addition of consultants to meet increased client demand for our services and position us for future growth. In addition, the average billing rate per hour increased to $229 for the three months ended March 31, 2004 from $228 for the three months ended March 31, 2003. Average billing rate per hour for any given period is calculated by dividing revenues for the period by the number of hours worked on client assignments during the same period. Our utilization rates for consultants decreased to 73.4% for the three months ended March 31, 2004 from 75.8% for the three months ended March 31, 2003. Utilization for the three months ended March 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Direct costs

Our direct costs increased $11.3 million, or 83.1%, to $24.9 million in the three months ended March 31, 2004 from $13.6 million in the three months ended March 31, 2003. This increase in cost was primarily attributable to an increase in the average number of consultants to 483 for the three months ended March 31, 2004 from 279 for the three months ended March 31, 2003 as we added a substantial number of consultants during the third and fourth quarters of 2003 to meet a growing demand for our services. We expect direct costs will increase in the near term as we focus primarily on hiring additional managers, associates and analysts to expand support for our existing practices and better leverage the managing directors and directors that we hired in 2003.

Operating expenses

Selling, general and administrative expenses increased $3.4 million, or 70.8%, to $8.2 million in the three months ended March 31, 2004 from $4.8 million in the three months ended March 31, 2003. The increase was due in part to an increase in the average number of non-billable professionals to 101 for the three months ended March 31, 2004 from 58 for the three months ended March 31, 2003 and their related compensation and benefit costs of $4.0 million in the three months ended March 31, 2004 compared to $2.0 million in the three months ended March 31, 2003. The remaining increase in selling, general and administrative costs in the three months ended March 31, 2004 compared to the same period in the prior year was due to increases in rent and other facility costs, promotion and marketing costs and other administrative costs associated with the general growth in business activity. We expect operating expenses will increase in the future in response to ongoing growth in business activity and new costs associated with being a public company.

Depreciation expense increased $0.4 million to $0.6 million in the three months ended March 31, 2004 from $0.2 million in the three months ended March 31, 2003 as computers and leasehold improvements

were added to support our increase in employees. There was no amortization expense in the three months ended March 31, 2004 compared to $1.1 million in the three months ended March 31, 2003. The decrease in amortization expense in the three months ended March 31, 2004 was due to the amortization of the $5.5 million in intangible costs paid in 2002 to obtain the release of certain of our employees from non-competition agreements with Arthur Andersen LLP, their former employer, and the related assumption of $0.8 million in liabilities, both of which were fully amortized by December 31, 2003.

Other operating expenses in the three months ended March 31, 2004 also includes a $2.1 million pre-tax restructuring charge associated with the closing of two small, underperforming offices in Miami, Florida and Palo Alto, California. The charge included an accrual of approximately $2.0 million for severance payments for the ten employees formerly employed at these locations, all of which was paid in April 2004, and approximately $0.1 million for office lease payments, which will be paid by August 31, 2004. Three of the ten employees had contracts guaranteeing them base salary and bonus if terminated under certain circumstances.

Operating income

Operating income increased $0.8 million, or 22.9%, to $4.3 million in the three months ended March 31, 2004 from $3.5 million in the three months ended March 31, 2003, primarily as a result of the changes in revenues, direct costs and operating expenses discussed above. Operating margin which is defined as operating income expressed as a percentage of revenues, declined to 10.6% in the three months ended March 31, 2004 from 15.1% in the three months ended March 31, 2003.

Segment results

Financial Consulting

Revenues

Financial Consulting segment revenues increased $7.5 million, or 43.6%, to $24.7 million for the three months ended March 31, 2004 from $17.2 million for the three months ended March 31, 2003. Revenues from time-and-expense engagements increased $7.4 million, or 47.7%, to $22.9 million for the three months ended March 31, 2004 from $15.5 million for the three months ended March 31, 2003. Revenues from fixed-fee engagements increased $0.3 million, or 20.0%, to $1.8 million for the three months ended March 31, 2004 from $1.5 million for the three months ended March 31, 2003. There were no revenues from performance-based engagements for the three months ended March 31, 2004 compared to $0.2 million for the three months ended March 31, 2003. The increase in revenues was reflective of increases in the average number of consultants and the average billing rate per hour. The average number of consultants increased to 291 for the three months ended March 31, 2004 from 182 for the three months ended March 31, 2003 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $240 for the three months ended March 31, 2004 from $237 for the three months ended March 31, 2003. The increased headcount and billing rate were partially offset by a decrease in the utilization rate for our consultants to 72.5% for the three months ended March 31, 2004 from 80.8% for the three months ended March 31, 2003. Utilization for the three months ended March 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Operating income

Financial Consulting segment operating income increased $0.9 million, or 11.8%, to $8.5 million in the three months ended March 31, 2004 from $7.6 million in the three months ended March 31, 2003. Segment operating margin, defined as segment operating income expressed as a percentage of segment revenues, declined to 34.3% in the three months ended March 31, 2004 from 44.1% in the three months

ended March 31, 2003 due to a $0.2 million decline in performance-based fee revenues recognized and a decline in segment utilization rates to 72.5% for the three months ended March 31, 2004 from 80.8% for the three months ended March 31, 2003.

Operational Consulting

Revenues

Operational Consulting segment revenues increased $9.4 million, or 156.7%, to $15.4 million for the three months ended March 31, 2004 from $6.0 million for the three months ended March 31, 2003. Revenues from time-and-expense engagements increased $4.0 million, or 85.1%, to $8.7 million for the three months ended March 31, 2004 from $4.7 million for the three months ended March 31, 2003. Revenues from fixed-fee engagements increased $3.4 million, or 309.1%, to $4.5 million for the three months ended March 31, 2004 from $1.1 million for the three months ended March 31, 2003. Revenues from performance-based engagements increased $2.0 million to $2.2 million for the three months ended March 31, 2004 from $0.2 million for the three months ended March 31, 2003. The increase in revenues was reflective of increases in each of the average number of consultants, the average billing rate per hour and the utilization rate of our consultants. The average number of consultants increased to 192 for the three months ended March 31, 2004 from 97 for the three months ended March 31, 2003 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $213 for the three months ended March 31, 2004 from $204 for the three months ended March 31, 2003. In addition, the utilization rate for our consultants increased to 74.8% for the three months ended March 31, 2004 from 66.4% for the three months ended March 31, 2003.

Operating income

Operational Consulting segment operating income increased $3.8 million, or 292.3%, to $5.1 million in the three months ended March 31, 2004 from $1.3 million in the three months ended March 31, 2003. Segment operating margin increased to 33.2% in the three months ended March 31, 2004 from 22.3% in the three months ended March 31, 2003 due to the higher level of performance-based fee revenues recognized during the current year period as compared to the prior year period and an increase in the segment utilization rate to 74.8% for the three months ended March 31, 2004 from 66.4% for the three months ended March 31, 2003.

Year ended December 31, 2003 compared to period from March 19, 2002 (inception) through December 31, 2002

Revenues

Revenues increased $66.4 million, or 189.2%, to $101.5 million for the year ended December 31, 2003 from $35.1 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $55.6 million, or 182.3%, to $86.1 million for the year ended December 31, 2003 from $30.5 million for the partial year ended December 31, 2002. Revenues from fixed-fee engagements increased $8.0 million, or 195.1%, to $12.1 million for the year ended December 31, 2003 from $4.1 million for the partial year ended December 31, 2002. Revenues from performance-based engagements increased $2.8 million to $3.3 million for the year ended December 31, 2003 from $0.5 million for the partial year ended December 31, 2002. In addition to 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period, the increase in revenues was reflective of increases in the average number of consultants, the average billing rate per hour and the utilization rate of our consultants. The average number of consultants increased to 365 for the year ended December 31, 2003 from 247 for the partial year ended December 31, 2002 as we added a substantial number of consultants across all of our practices to meet group demand for our services. The average billing rate per hour increased to $217 for the year ended December 31, 2003 from $206 for the

partial year ended December 31, 2002. In addition, the utilization rate for our consultants increased to 66.1% for the year ended December 31, 2003 from 57.3% in the partial year ended December 31, 2002. Utilization for the year ended December 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Direct costs

Our direct costs increased $43.3 million, or 165.9%, to $69.4 million in the year ended December 31, 2003 from $26.1 million in the partial year ended December 31, 2002. This increase in cost was primarily attributable to an increase in the average number of consultants to 365 for the year ended December 31, 2003 from 247 for the partial year ended December 31, 2002 as we added a substantial number of consultants across all of our practices to meet a growing demand for our services.

Operating expenses

Selling, general and administrative expenses increased $16.4 million, or 186.4%, to $25.2 million in the year ended December 31, 2003 from $8.8 million in the partial year ended December 31, 2002. The increase was due in part to an increase in the average number of non-billable professionals to 76 for the year ended December 31, 2003 from 45 for the partial year ended December 31, 2002 and their related compensation and benefit costs of $9.0 million in the year ended December 31, 2003 compared to $3.2 million in the partial year ended December 31, 2002. Office and equipment rentals increased to $4.5 million in the year ended December 31, 2003 from $1.1 million in the partial year ended December 31, 2002 as a result of increased office space and other facility costs associated with our quickly growing consultant and administrative workforce.

Depreciation expense increased $1.2 million to $1.6 million in the year ended December 31, 2003 from $0.4 million in the partial year ended December 31, 2002 as we added computers and leasehold improvements during 2003 to support our increase in employees. Amortization expense increased $1.1 million to $3.7 million in the year ended December 31, 2003 from $2.6 million in the partial year ended December 31, 2002. The increase in amortization expense was due to the amortization of the $5.5 million in intangible costs paid in 2002 to obtain the release of certain of our employees from non-competition agreements with Arthur Andersen LLP, their former employer, and the related assumption of $0.8 million in liabilities, both of which were fully amortized by December 31, 2003.

Other operating expenses in the year ended December 31, 2003 also included a $1.7 million charge for the loss associated with the abandonment of an office lease while the partial year ended December 31, 2002 included a $2.5 million expense related to management fees paid to an affiliate of Lake Capital Partners LP, a $0.2 million expense related to advisory fees paid to an affiliate of PPM America, Inc. and $1.0 million in other organization costs associated with the formation of our company.

Operating loss

The operating loss for the year ended December 31, 2003 amounted to $0.2 million as compared to an operating loss of $6.5 million for the partial year ended December 31, 2002.

Segment results

Financial Consulting

Revenues

Financial Consulting segment revenues increased $47.5 million, or 212.1%, to $69.9 million for the year ended December 31, 2003 from $22.4 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $44.4 million, or 224.2%, to $64.2 million for the year

ended December 31, 2003 from $19.8 million for the partial year ended December 31, 2002. Revenues from fixed-fee engagements increased $2.3 million, or 88.5%, to $4.9 million for the year ended December 31, 2003 from $2.6 million for the partial year ended December 31, 2002. Revenues from performance-based engagements were $0.8 million for the year ended December 31, 2003, and there were no revenues from performance-based engagements in 2002. In addition to 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period, the increase in revenues was reflective of increases in the average number of consultants, the average billing rate per hour and the utilization rate of our consultants. The average number of consultants increased to 227 for the year ended December 31, 2003 from 163 for the partial year ended December 31, 2002 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $233 for the year ended December 31, 2003 from $212 for the partial year ended December 31, 2002. In addition, the utilization rate for our consultants of 66.8% for the year ended December 31, 2003 was up from 55.7% for the partial year ended December 31, 2002.

Operating income

Financial Consulting segment operating income increased $18.1 million, or 464.1%, to $22.0 million in the year ended December 31, 2003 from $3.9 million in the partial year ended December 31, 2002. Segment operating margin improved to 31.5% in the year ended December 31, 2003 from 17.5% in the partial year ended December 31, 2002 due to increased revenues and improved utilization rates of 66.8% for the year ended December 31, 2003 from 55.7% for the partial year ended December 31, 2002.

Operational Consulting

Revenues

Operational Consulting segment revenues increased $18.8 million, or 148.0%, to $31.5 million for the year ended December 31, 2003 from $12.7 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $11.2 million, or 104.7%, to $21.9 million for the year ended December 31, 2003 from $10.7 million for the partial year ended December 31, 2002. Revenues from fixed-fee engagements increased $5.7 million to $7.2 million for the year ended December 31, 2003 from $1.5 million for the partial year ended December 31, 2002. Revenues from performance-based engagements increased $1.9 million to $2.4 million for the year ended December 31, 2003 from $0.5 million for the partial year ended December 31, 2002. In addition to 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period, the increase in revenues was reflective of increases in the average number of consultants and the utilization rate of our consultants, which were partially offset by a decrease in the average billing rate per hour. The average number of consultants increased to 138 for the year ended December 31, 2003 from 84 for the partial year ended December 31, 2002. The utilization rate for our consultants of 65.0% for the year ended December 31, 2003 was up from 60.5% for the partial year ended December 31, 2002. The average billing rate per hour decreased to $189 for the year ended December 31, 2003 from $195 for the partial year ended December 31, 2002.

Operating income

Operational Consulting segment operating income increased $1.9 million, or 54.3%, to $5.4 million in the year ended December 31, 2003 from $3.5 million in the partial year ended December 31, 2002. Segment operating margin decreased to 17.1% in the year ended December 31, 2003 from 27.8% in the partial year ended December 31, 2002 primarily due to investments made during 2003 to start a new practice and expand our capabilities in an existing practice in this segment. A total of 38 consultants were hired for the new and expanded practices during the course of 2003 and revenue generation lagged our investments in payroll and sales and marketing costs.

Selected quarterly consolidated financial and other operating data

The following table sets forth selected unaudited quarterly operating information for each of the eight quarters during the period from March 19, 2002 (inception) to March 31, 2004. We did not have any operations during the period from March 19, 2002 (inception) to March 31, 2002. The following quarterly consolidated financial data has been prepared on the same basis as, and should be read together with, the audited financial statements and related notes contained elsewhere in this prospectus and includes all normal recurring adjustments necessary for the fair presentation of the information for the periods presented. Results for any fiscal quarter are not necessarily indicative of results for the full year or for any future quarter.

	Three months ended							
Consolidated quarterly financial data:	**June 30, 2002**	**Sep. 30, 2002**	**Dec. 31, 2002**	**Mar. 31, 2003**	**June 30, 2003**	**Sep. 30, 2003**	**Dec. 31, 2003**	**Mar. 31, 2004**
	(unaudited) (in thousands, except other operating data amounts)							
Revenues and reimbursable expenses:								
Revenues	$ 6,320	$ 12,994	$ 15,787	$ 23,212	$ 23,711	$ 25,549	$ 29,014	$ 40,101
Reimbursable expenses	478	1,063	1,380	2,069	1,837	2,105	2,797	3,443
Total revenues and reimbursable expenses	6,798	14,057	17,167	25,281	25,548	27,654	31,811	43,544
Direct costs and reimbursable expenses:								
Direct costs	5,417	9,909	10,729	13,581	15,739	19,055	21,026	24,868
Reimbursable expenses	478	1,063	1,380	2,069	1,848	2,138	2,874	3,523
Total direct costs and reimbursable expenses	5,895	10,972	12,109	15,650	17,587	21,193	23,900	28,391
Gross profit	903	3,085	5,058	9,631	7,961	6,461	7,911	15,153
Operating expenses:								
Selling general and administrative expenses	1,538	3,485	3,790	4,826	6,267	6,616	7,476	8,158
Depreciation and amortization expense	602	1,166	1,280	1,290	1,368	1,492	1,178	603
Other operating expenses	2,168	1,425	122	—	—	1,668	—	2,139
Total operating expenses	4,308	6,076	5,192	6,116	7,635	9,776	8,654	10,900
Operating (loss) income	(3,405)	(2,991)	(134)	3,515	326	(3,315)	(743)	4,253
Other expense	—	133	200	199	331	217	221	245
(Loss) income before (benefit) provision for income taxes	(3,405)	(3,124)	(334)	3,316	(5)	(3,532)	(964)	4,008
(Benefit) provision for income taxes	(1,362)	(1,236)	(99)	1,375	76	(1,367)	(206)	1,661
Net (loss) income	(2,043)	(1,888)	(235)	1,941	(81)	(2,165)	(758)	2,347
Accrued dividends on 8% preferred stock	135	255	256	253	263	275	275	273
Net (loss) income attributable to common stockholders	$ (2,178)	$ (2,143)	$ (491)	$ 1,688	$ (344)	$ (2,440)	$ (1,033)	$ 2,074
Other operating data:								
Number of consultants (at period end)(1)	236	255	262	294	355	449	477	483
Utilization rate(2)	49.6%	53.7%	64.6%	75.8%	69.4%	60.6%	62.7%	73.4%
Average billing rate per hour(3)	$ 211	$ 207	$ 202	$ 228	$ 220	$ 215	$ 210	$ 229

(1) Consultants consist of our billable professionals.

(2) We calculate the utilization rate for our consultants by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days.

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

Our future operating results are difficult to predict and may vary significantly. Revenues and operating results fluctuate from quarter to quarter as a result of numerous factors including the following:

- the size and number of client engagements commenced and completed during a quarter;
- the achievement of milestones under performance-based engagements;
- the number of business work days in a quarter;
- the number of consultants; and
- utilization rates, which in turn can be affected by increased hiring, as there is generally a transition period for new consultants that results in a temporary drop in utilization.

Although our fee structure is variable, our direct costs, which include primarily consultant payroll costs, are fixed within the short-term.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flows from operations, debt capacity available under our credit facility and available cash reserves. Our primary financing need has been to fund our growth.

Operating activities

Cash flows used in operating activities totaled $5.1 million for the three months ended March 31, 2004 compared to cash generated by operating activities of $0.6 million for the three months ended March 31, 2003. The decrease in cash provided by operations for the three months ended March 31, 2004 was primarily attributable to increases in working capital. Receivables from clients and unbilled services increased $9.2 million during the three months ended March 31, 2004 primarily as a result of revenue increases in the latter portion of the current year quarter that were not billed prior to March 31, 2004. In addition, in the three months ended March 31, 2004, there was a $2.3 million increase in the use of funds associated with decreases in accounts payable, accrued expenses and accrued payroll and related benefits (including 2003 bonus payments made in February 2004). There was also a $0.6 million use of funds in the three months ended March 31, 2004 for the change in accrued interest payable relating to annual interest payments made on the $10.1 million in 8% promissory notes payable to HCG Holdings LLC. These uses of funds were partially offset by a $1.8 million reduction in our income tax receivable in the first three months of 2004 and a $1.7 million increase in deferred revenue, which consisted of client retainers received and the pre-billing of services to clients.

As the result of the decrease in cash provided by operations described above and the changes noted below in investing and financing activities, cash and cash equivalents declined to $0.1 million at March 31, 2004 and as of March 31, 2004 we had borrowings of $1.5 million outstanding under our bank credit agreement described below.

Cash flow generated by operating activities totaled $4.0 million for the year ended December 31, 2003 compared to cash used in operating activities of $9.8 million for the partial year ended December 31, 2002. The increase in cash provided by operations for the year ended December 31, 2003 was primarily attributable to revenue growth in excess of the growth in operating expenses when compared to the partial year ended December 31, 2002, which had eight months of operations, and various start-up costs associated with the commencement of operations.

Our balance of cash and cash equivalents was $4.3 million at December 31, 2003, a decrease of $0.1 million, or 2.3%, from the $4.4 million balance at December 31, 2002.

Investing activities

Cash used by investing activities was $0.5 million for the three months ended March 31, 2004 and $1.1 million for the three months ended March 31, 2003. Use of cash in both periods pertained to the purchase of computer hardware and software, furniture and fixtures and leasehold improvements needed to meet the ongoing needs relating to the hiring of additional employees and the expansion of office space.

Cash used by investing activities was $4.2 million for the year ended December 31, 2003 and $8.6 million for the partial year ended December 31, 2002. In the partial year ended December 31, 2002, we paid $5.5 million to obtain the release of certain employees from non-competition agreements with Arthur Andersen LLP, their former employer, as well as $0.8 million for the assumption of certain related liabilities. In addition, we paid $2.3 million in the partial year ended December 31, 2002 for the purchase of computer hardware and software, furniture and fixtures and leasehold improvements relating to the hiring of employees and establishment of new offices. Capital expenditures for the purchase of property and equipment, including computer hardware and software, furniture and fixtures and leasehold improvements, were the primary use of cash in the year ended December 31, 2003, as business expansion and the hiring of new employees continued during the course of the year. We estimate that our capital expenditures in 2004 will be approximately $6.5 million for the purchase of additional computers, furniture and fixtures and leasehold improvements as our business continues to expand.

Financing activities

Between April and June 2002, in connection with our initial capitalization, we issued to HCG Holdings LLC an aggregate of 12,500 shares of our 8% preferred stock for an aggregate consideration of $12.5 million and an aggregate of approximately 25.9 million shares of our common stock at a purchase price of $0.01 per share for an aggregate consideration of approximately $0.3 million. Proceeds of approximately $10.1 million were also received from the issuance of 8% promissory notes to HCG Holdings LLC. We had no other borrowings outstanding as of December 31, 2002.

The terms of the 8% preferred stock contain specific provisions regarding redemption. Upon the consummation of this offering, we will exercise our option to redeem our outstanding 8% preferred stock for approximately $ million, which is equal to their original issuance price plus cumulative dividends that will have accrued from the date of investment through the date of this prospectus at a rate of 8% per annum, compounded annually, together with a liquidation participation amount calculated as if we were liquidated as of the date of the redemption.

The terms of the 8% promissory notes require us to mandatorily prepay the outstanding principal immediately after a qualified public offering, including this offering. Accordingly, we will use approximately $ million of our net proceeds from this offering to repay the outstanding 8% promissory notes, including accrued and unpaid interest, upon the consummation of this offering. For further information, see "Certain relationships and related transactions."

In 2003, our wholly-owned operating subsidiary, Huron Consulting Group LLC, entered into a bank credit agreement that allowed it to borrow up to the lesser of $5.0 million or 75% of eligible accounts receivable, as defined by the terms of the agreement. Borrowings under the agreement were also limited by any outstanding letters of credit. Borrowings under the agreement bear interest at either the prime rate or LIBOR plus 2.75%. We had no borrowings outstanding as of December 31, 2003; however, available borrowings under the agreement were limited to $4.0 million as of that date due to outstanding letters of credit totaling $1.0 million. Our bank credit agreement includes covenants for minimum equity and maximum annual capital expenditures as well as covenants restricting our ability to incur additional indebtedness or engage in certain types of transactions outside of the ordinary course of business.

During 2004, we received waivers from the bank that extended by sixty days the due date for the 2003 audited financial statements, allowed Huron Consulting Group LLC to exceed its limitation on distributions made to Huron Consulting Group Inc. and waived the minimum equity covenant. During 2003, we received waivers from the bank that effectively increased the capital expenditure limit from $2.5 million to $4.5 million and ultimately, by amendment, to $7.5 million. We also received a waiver of the 30-day clean up provision, which requires that we have an uninterrupted 30-day period each year with no loans outstanding under the agreement.

Before expiring in January 2004, our bank credit agreement was amended to extend the term to February 10, 2005 and to increase the total availability to the lesser of $15.0 million or 75% of eligible accounts receivable and 30% of unbilled services, the latter not to exceed $3.0 million. Borrowings under the agreement are also limited by any outstanding letters of credit. Borrowings under the amended credit agreement bear interest at either the prime rate or LIBOR plus 2.75%. Borrowings are secured by substantially all of our assets. The bank credit agreement was further amended to clarify the minimum equity covenant and decrease the minimum equity requirement as well as to permit certain asset sales outside the ordinary course.

As of March 31, 2004, borrowings outstanding under our bank credit agreement were $1.5 million and the remaining balance available under the credit agreement was $10.6 million after the calculation of eligible accounts receivable and unbilled services balances and a reduction of $1.7 million for letters of credit outstanding.

Future needs

We believe that the net proceeds from the sale of common stock offered by this prospectus, combined with funds generated from operations and borrowing availability under our credit agreement, will provide sufficient cash resources to fund our anticipated cash needs, at least through the next twelve months. Thereafter, it is expected that cash needs related to future operations will be funded with cash generated from operations and short or long-term borrowings. 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 overall condition of the credit markets. Following this offering, the remaining net proceeds will be invested in short-term, interest bearing investment grade securities.

CONTRACTUAL OBLIGATIONS

The following tables represent our obligations and commitments to make future payments under contracts, such as lease agreements, and under contingent commitments as of December 31, 2003.

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
			(in thousands)		
Operating leases	$ 3,322	$ 7,581	$ 3,586	$ 3,234	$ 17,723
Long-term debt (consisting of 8% promissory notes)	—	—	101	9,975	10,076
Total contractual obligations	$ 3,322	$ 7,581	$ 3,687	$ 13,209	$ 27,799

We lease our facilities and certain equipment under operating lease arrangements expiring on various dates through 2014. We lease office facilities under noncancelable operating leases that include fixed or minimum payments plus, in some cases, scheduled base rent increases over the term of the lease and additional rents based on the Consumer Price Index. Certain leases provide for monthly payments of real estate taxes, insurance and other operating expense applicable to the property. In addition, we lease equipment under noncancelable operating leases.

During 2002, we entered into promissory note agreements with HCG Holdings LLC totaling $10.1 million. Interest accrues on the promissory notes at the rate of 8% per year. The notes mature five years

and six months from the date of issuance. The notes may be prepaid at any time without penalty and prepayment is mandatory upon the occurrence of specified events, including the consummation of this offering. Accordingly, upon the consummation of this offering, we will use approximately $ million of our net proceeds from this offering to repay the outstanding 8% promissory notes, including accrued and unpaid interest.

OFF BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to interest rates and changes in the market value of our investments. We do not enter into interest rate caps or collars or other hedging instruments. Our exposure to changes in interest rates is limited to borrowings under the bank credit agreement, which has a variable interest rates tied to the LIBOR or prime rate. 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 and debt obligations, we have concluded that we do not have material market risk exposure.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2003, the Financial Accounting Standards Board, or FASB, issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires the issuer to classify a financial instrument that is within the scope of the standard as a liability if the financial instrument embodies an obligation of the issuer. The adoption of the provisions of Statement No. 150 did not have any impact on our financial position or results of operations.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities and Interpretation of ARB No. 51," which is effective immediately for all variable interest entities created after January 31, 2003 and for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. We do not have variable interest entities that fall within the scope of this pronouncement and therefore the adoption of this pronouncement did not have any impact on our financial statements.

In March 2004, the FASB issued an Exposure Draft on "Share-Based Payment, an amendment of FASB Statements No. 123 and 95." In this proposed statement, the FASB believes that employee services received in exchange for equity instruments give rise to recognizable compensation cost as the services are used in the issuing entity's operations. In addition, the proposed statement would require that public companies measure the compensation cost related to employee services received in exchange for equity instruments issued based on the grant-date fair value of those instruments. The FASB will also consider other items such as streamlining volatility assumptions and addressing the fair value measurement models. This proposed statement would neither change the accounting in FASB Statement No. 123, "Accounting for Stock-Based Compensation," for transactions in which an enterprise exchanges its equity instruments for services of parties other than employees nor change the accounting for stock ownership plans, which are subject to American Institute of Certified Public Accountants Statement of Position 93-6, "Employer's Accounting for Employee Stock Ownership Plans." The FASB intends to reconsider the accounting for those transactions and plans in a later phase of its project on equity-based compensation. Our management will continue to assess the potential impact this statement will have on us.

Business

OVERVIEW

We are an independent provider of financial and operational consulting services. Our highly experienced and credentialed professionals employ their expertise in accounting, finance, economics and operations to provide our clients with specialized analysis and customized advice and solutions that are tailored to address each client's particular challenges and opportunities. Our financial consulting services help clients effectively address complex challenges that arise from litigation, disputes, investigations, regulation, financial distress and other sources of significant conflict or change. Our operational consulting services help clients improve the overall efficiency and effectiveness of their operations, reduce costs, manage regulatory compliance and maximize procurement efficiency.

Our financial consulting services include:

- offering financial and economic analysis, forensic accounting and expert support and testimony services for organizations and their law firms in connection with litigation, business disputes and regulatory and internal investigations;
- providing restructuring, turnaround and bankruptcy advisory services for financially distressed organizations, creditors and other constituents; and
- performing valuations of businesses or assets to assist clients with financial reporting, tax compliance, damage or purchase price assessments and restructuring efforts.

Our operational consulting services include:

- assisting research universities and academic medical centers with research administration opportunities and challenges;
- assisting healthcare payors and providers improve the effectiveness of operations and reduce costs;
- helping large and middle-market organizations that have recently undergone a change in leadership, are integrating acquisitions or are coping with a change in competitive dynamics to address performance challenges and take advantage of opportunities;
- helping in-house legal departments improve their operations and reduce their costs; and
- developing and implementing procurement plans that provide savings throughout the sourcing process.

We commenced operations in May 2002 with a core group of experienced financial and operational consultants that consisted primarily of former Arthur Andersen LLP partners and professionals, including our chief executive officer, Gary E. Holdren. We created Huron because we believed that a financial and operational consulting business that is unaffiliated with a public accounting firm is better suited to serve its clients' needs. As an independent consulting firm, Huron is not subject to the legal restrictions placed on public accounting firms that prohibit them from providing certain non-audit services to their audit clients. We also believed that many other consulting firms provided only a limited scope of services and therefore a company such as ours with a wide array of services would be better positioned to serve the diverse and complex needs of various organizations.

We have grown significantly since we commenced operations, more than doubling the number of our consultants from 213 on May 31, 2002 to 483 on March 31, 2004. We have hired experienced professionals from a variety of organizations, including the four largest public accounting firms, referred

to as the Big Four, and other consulting firms. Our highly credentialed consultants include certified public accountants, MBAs, accredited valuation specialists and forensic accountants. Our 63 managing directors who are consultants have an average of 20 years of business experience.

We provide our services to a wide variety of both financially sound and distressed organizations, including Fortune 500 companies, medium-sized and large businesses, leading academic institutions, healthcare organizations and the law firms that represent these various organizations. Since May 2002, we have conducted over 1,000 engagements for over 500 clients, and we have worked on engagements with 35 of the 40 largest U.S. law firms listed in *The American Lawyer* 2003 Am Law 100. In addition to our headquarters in Chicago, we have five other core offices located in Boston, Houston, New York City, San Francisco and Washington, D.C. and two smaller offices located in Charlotte and Los Angeles.

INDUSTRY BACKGROUND

Many organizations are facing increasingly large and complex business disputes and lawsuits, a growing number of regulatory and internal investigations and more intense public scrutiny. Concurrently, increased competition and regulation are presenting significant operational and financial challenges for organizations. Distressed companies are responding to these challenges by restructuring and reorganizing their businesses and capital structures, while financially healthy organizations are striving to capitalize on opportunities by improving operations, reducing costs and enhancing revenue. Many organizations have limited dedicated resources to respond effectively to these challenges and opportunities. Consequently, we believe these organizations will increasingly seek to augment their internal resources with experienced independent consultants like us.

We believe the demand for our services is driven by the following factors:

- **SEC and internal investigations.** The increased scrutiny of accounting practices, internal controls and disclosure has contributed to the large number of financial restatements by public companies. In response to a number of recent incidences of corporate malfeasance and accounting irregularities, the SEC has conducted an increasing number of public company investigations over the past few years. In 2003, the SEC initiated 679 enforcement actions—81 more than in any other prior year—including nearly 200 actions involving financial fraud or reporting violations. For fiscal year 2005, the President has requested a record $913 million budget, 13% above the prior fiscal year's appropriation, to hire more staff and continue to enhance SEC oversight and investigation initiatives. In addition, an increasing number of boards of directors, audit committees and special independent committees of companies that have had to review their historical financials or respond to complaints by whistleblowers have conducted internal forensic investigations to determine the underlying facts. These dynamics have driven demand for independent financial consultants like us who help clients respond to SEC investigations, evaluate restatements of financial statements and support internal investigations by combining investigative accounting and financial reporting skills with business and practical experience.
- **Litigation and disputes.** Litigation and business disputes are prevalent in the United States and, we believe, the volume of this activity does not necessarily correlate with the economic cycle. The breadth and magnitude of these matters is increasing. For example, antitrust investigation and enforcement activities by federal, state and local authorities present heightened complexities and risks for companies in the areas of mergers and acquisitions, pricing policies, distribution relationships and patent and intellectual property matters. In addition, private parties can bring antitrust claims asserting a variety of violations. In complex litigation and disputes, organizations and the law firms that represent them regularly engage experienced consultants to provide or support expert testimony or perform data analyses involving financial, economic and accounting issues.

- **Sarbanes-Oxley and stockholder activism.** The enactment of the Sarbanes-Oxley Act of 2002 has substantially limited the scope of non-audit services that large public accounting firms, such as the Big Four, can provide to their audit clients. We believe these limitations represent a significant opportunity for independent consulting firms. A study done by the Investor Responsibility Research Center in February 2002 of 1,224 public U.S. companies estimated that 72%, or approximately $4.0 billion, of the fees these companies paid to the accounting firm that conducted their audit in fiscal 2000 were for non-audit services. Although a substantial amount of this spending was for tax services, which we do not provide, we believe there is still a significant opportunity to provide these other services. Further, influential institutional investors, citing concerns over perceived conflicts of interest, have opposed the ratification of auditors and the election of directors of companies that engage their auditors to perform permissible non-audit services. We believe that the restrictions of Sarbanes-Oxley, the increasing stockholder opposition to auditors performing consulting services for their audit clients and the relatively small number of large public accounting firms will lead many clients to choose independent consulting firms over the Big Four when seeking providers of various consulting services.
- **Operational challenges and opportunities.** Organizations must constantly reevaluate business processes in order to manage change and risk and minimize or recover costs. For example, in the healthcare industry, the steady flow of changes that affect healthcare funding, treatments, delivery and administration increase the difficulty in managing a complex mix of factors, including rising healthcare costs and insurance premiums and the increasing number of uninsured citizens. In the higher education industry, research universities and academic medical centers must develop and maintain programs to effectively manage research compliance risks and implement systems that support the recovery of research costs. Additionally, the difficulties of managing a large number of legal matters compels in-house legal departments to seek ways to improve their efficiency and effectiveness, which drives demand for consultants specializing in legal department operations. In general, a variety of organizations seek to improve their procurement efficiencies, improve operational processes and reduce costs. We believe that in seeking to meet these challenges and capitalize on these opportunities, organizations will increasingly augment their internal resources with consultants who can provide a combination of industry expertise and strong technical skills.
- **Improving economic conditions and merger and acquisition activity.** Despite depressed levels in recent years, there was a rebound in merger and acquisition, or M&A, activity in the first four months of 2004 amidst an improvement in general economic conditions. According to Dealogic, the aggregate dollar value of announced M&A transactions increased approximately 130% in the first four months of 2004 compared to the first four months of 2003. We believe M&A activity creates demand for financial consulting services, such as purchase price allocations and other similar valuation services and dispute and litigation services, as well as operational consulting services, such as performance improvement and strategic sourcing.
- **Financial distress.** Despite the recent decline in corporate bankruptcy filings, we believe there will continue to be a sufficient number of bankruptcies of the size and complexity that typically require debtors and other constituents to retain the services of financial advisors. Additionally, outside of the bankruptcy process there is an ongoing need for restructuring and turnaround consulting services to assist financially distressed, under-performing and debt-laden companies and their stakeholders.

OUR COMPETITIVE STRENGTHS

We believe the following key strengths will enable us to take advantage of the industry trends described above and help us compete effectively in the consulting marketplace:

- **Experienced and highly qualified consultants.** We believe the principal reason clients choose a particular consulting firm is the experience of the firm’s professionals. Our managing directors who

are consultants have an average of 20 years of business experience and come from a wide array of organizations, including national accounting firms and other consulting firms. Our consultants combine proficiency in accounting, finance, economics and operations with deep knowledge of specific industries. In addition, many of our consultants are highly credentialed, and include certified public accountants, MBAs, accredited valuation specialists and forensic accountants.

- **Independent provider of financial and operational consulting services.** We are not affiliated with an accounting firm and, therefore, we are not constrained by the provisions of Sarbanes-Oxley that limit an accounting firm's ability to provide non-audit services to its audit clients. We believe that these restrictions, together with the perceived conflicts of interests inherent with auditors providing consulting services to their audit clients, provide us with a competitive advantage over public accounting firms in securing consulting engagements. We also believe that the relatively small number of large public accounting firms will lead some organizations to engage independent consultants like us to preserve their flexibility to hire large public accounting firms for audit or other attest services.
- **Complementary service offerings and integrated approach.** Many problems faced by organizations involve broad but interrelated operational and financial issues that require creative solutions drawn from various areas of expertise. We offer a broad array of financial and operational consulting services that can be delivered through teams of consultants from our different practices. Our integrated approach enables us to provide solutions tailored to specific client needs. For example, in a securities fraud lawsuit, we can deploy a team of forensic accountants to review a client's historical accounting and financial reporting practices and a valuation specialist to perform impairment analyses. In addition, our range of service offerings reduces our dependence on any one service offering or industry, provides a stimulating work environment for our consultants and enhances our flexibility in managing the utilization and career development of our directors, managers, associates and analysts.
- **Distinctive culture.** We believe we have been successful in attracting and retaining top talent because of our distinctive culture, which combines the energy and flexibility of a high-growth company with the professionalism of a major professional services firm. To preserve our distinctive culture, our chief executive officer or chief operating officer has personally interviewed each managing director candidate prior to making an offer of employment. We believe our performance-based compensation program, which both recognizes individual performance and reinforces teamwork, also contributes to our recruiting and retention success. In our view, these elements combine to create an environment in which talented, self-directed professionals will want to build a long-term career.

OUR GROWTH STRATEGY

Our strategy to increase our revenues and grow our company involves the following key elements:

- **Attracting additional highly qualified consultants.** From May 31, 2002 through March 31, 2004, we more than doubled the number of our consultants from 213 to 483. We have five human resource professionals dedicated to recruiting employees who will complement and add depth to our broad array of existing consulting skills. We believe our stimulating work environment, performance-based compensation program and distinctive culture will enable us to attract additional top talent from other consulting firms, accounting firms, targeted industries and on-campus recruiting. In the near term, our focus will primarily be on hiring and developing additional managers, associates and analysts to expand support for our existing practices and better leverage the managing directors and directors that we hired in 2003. We will also continue to hire talented managing directors to build our business.
- **Growing our existing relationships and developing new relationships.** We work hard to maintain and grow our existing client and law firm relationships. The goodwill created from these

relationships leads to referrals from satisfied clients and their law firms, which also enables us to secure engagements with new clients.

- **Continuing to promote and deliver an integrated approach to service delivery.** We will continue to utilize our experience with the financial and operational challenges facing our clients to identify and provide additional value-added services as part of an integrated solution. Frequently, a particular engagement is expanded or a new engagement secured with an existing client as a direct result of our quality work for that client. To promote the teamwork required to provide integrated solutions, we evaluate and compensate individuals based on their contributions to our entire organization, not just on the performance of their particular engagements or practices.
- **Continuing to build our brand.** We intend to continue to build our reputation and a common identity for the services we provide under the Huron brand name. We believe that using a common brand name and identity for our services enhances our visibility in the marketplace and improves our ability to compete for new business. To enhance our brand, we actively promote our name and capabilities through our sales and marketing activities, such as participation in seminars, sponsorship of client events and publication of articles in industry periodicals. We also are continuing to develop internal quality assurance programs to support our goal of consistently providing high quality, client-focused services.
- **Expanding our service offerings.** We believe there will be opportunities to expand our current capabilities or broaden the scope of our existing services, and we will evaluate these in response to client and general market demands. If we choose to expand our service offerings, we believe that we can grow our business to address any expansion of our service offerings with our existing consultants or a combination of existing consultants and new hires. We may also evaluate select acquisitions of complementary businesses as another means to broaden the scope or depth of our capabilities and expand our client base.

OUR SERVICES

We provide our services through two segments: Financial Consulting and Operational Consulting. For the year ended December 31, 2003 and the three months ended March 31, 2004, we derived 68.9% and 61.6%, respectively, of our revenues from Financial Consulting and 31.1% and 38.4%, respectively, from Operational Consulting. For further information on our segment results, see the section of this prospectus entitled “Management’s discussion and analysis of financial condition and results of operations” and Note 12 to our consolidated financial statements included elsewhere in this prospectus.

Financial Consulting

Our Financial Consulting segment provides highly specialized financial and economic analysis and advice to help clients effectively address complex challenges that arise from litigation, disputes, investigations, regulation, financial distress and other sources of significant conflict or change. Our Financial Consulting segment consisted of 287 consultants as of March 31, 2004. This segment’s practices and the services they offer include:

- **Disputes and investigations.** Our disputes and investigations practice provides financial and economic analysis to support law firms and corporations in connection with business disputes, lawsuits and regulatory or internal investigations. We have extensive experience in the areas of financial investigations and forensic accounting, including matters involving SEC or other regulatory inquiries or investigations, financial restatements and special accounting projects. We provide specialized accounting services to gather and analyze voluminous financial data and reconstruct complex transactions and events. In addition, we apply economic and econometric analyses in the areas of antitrust and anticompetitive practices, securities fraud, insurance claims and damages, as well

as deliver or support independent expert testimony in such cases. We also provide services supporting clients' paper and electronic discovery/document management needs, including computer forensics.

- **Corporate advisory services.** Our corporate advisory services practice provides financial analysis to financially distressed companies, creditor constituencies and other stakeholders in connection with bankruptcy proceedings and out-of-court restructurings. For distressed companies, we assess the viability of their business and work closely with management to develop and implement a turnaround plan to improve cash flow and a debt-restructuring plan to improve their balance sheet. In some instances, we serve in interim management roles. When out-of-court solutions are not achievable, we assist clients with preparing for a Chapter 11 bankruptcy filing and with all aspects of the bankruptcy process by gathering, analyzing and presenting financial and business information needed to achieve a successful reorganization. We also provide claims management services to help companies process and analyze complex and voluminous claims filed in bankruptcies. For creditor constituencies, including committees of unsecured creditors, we provide similar financial analyses designed to maximize the recovery of amounts owed to creditors and assess the viability of a debtor's reorganization plan. Certain consultants in this practice also provide specialized financial advisory services to stakeholders in the energy industry.
- **Valuation services.** Our valuation services practice delivers expert valuation analysis to clients and their advisors. We perform valuations and appraisals of businesses and business interests, intellectual property, real property, machinery, equipment and other tangible and intangible assets. Our valuation services practice typically supports client needs in the following contexts:
  - transactions: supporting clients' financial and tax reporting, especially in the context of acquisitions and other corporate transactions;
  - litigation or disputes: valuing businesses or assets; and
  - bankruptcies: supporting the restructuring process or the sale of business assets.

Operational Consulting

Our Operational Consulting segment provides services designed to help clients improve the overall efficiency and effectiveness of their operations by enhancing revenue, reducing costs, managing regulatory compliance and maximizing procurement efficiencies. Our Operational Consulting segment consisted of 196 consultants as of March 31, 2004. This segment's practices and the services they offer include:

- **Higher education.** Our higher education practice provides operational consulting services to research universities and academic medical centers. We provide financial modeling, operational process redesign, strategic planning and assessments and advice on software selection and implementation, especially in connection with helping research universities address the challenges and complexities of administering research programs, including the complex requirements of federally-funded research. Our research administration services include compliance assessments, cost recovery services and operations assistance. We also have extensive experience implementing the PeopleSoft Grants Suite as a technology solution to sponsored research administration challenges.
- **Healthcare.** Our healthcare practice helps healthcare providers and payors effectively address their strategic, operational and financial challenges. On the provider side, we help hospitals, physicians and other healthcare providers improve operations by performing assessments and implementing solutions designed to reduce costs and increase effectiveness. Our engagements typically focus on revenue cycle and cash acceleration, patient care productivity and management, supply chain improvements, strategic growth and planning, financial planning and physician services. For healthcare payors, we focus on compliance and government contracting issues, such as with Medicare, the U.S. health

insurance program for people age 65 and older and certain others, and TRICARE, the U.S. military health system. Our Medicare contract services include Medicare contract transition and termination assistance, implementation of cost accounting standards, secondary payer analyses, strategic assessments and proposal support services. We also assist pharmaceutical companies with pricing analyses and related aspects of regulatory disclosures and calculations.

- **Strategic sourcing.** Our strategic sourcing practice works with clients to drive sustainable non-salary cost reductions. We help clients achieve significant savings by addressing the entire procurement process, including contract negotiations, vendor selection, consumption patterns, total cost of ownership, performance measurement, knowledge transfer and make-versus-buy decisions. We identify opportunities for measurable savings, develop approved action plans and guide the implementation of those plans to final conclusion. We have achieved substantial savings for clients in a wide variety of spend categories, including office-related products, telecommunications, IT hardware, software and services, insurance, printing services, travel and industry-specific categories.
- **Performance improvement.** Our performance improvement practice works with executive officers and other senior managers of large and middle-market organizations that have recently undergone a change in leadership, are integrating acquisitions or are coping with a change in competitive dynamics to address performance challenges and take advantage of opportunities. Our engagements typically aim to increase effectiveness of operations or decrease costs by developing and implementing solutions for clients in areas such as business process improvement, supply chain design, organization design and strategy.
- **Legal business consulting.** Our legal business consulting practice helps in-house legal departments enhance the quality of legal services while reducing costs by more efficiently aligning people, processes and technology. We provide strategic advice to help legal departments improve their organizational design, business processes and management of outside counsel. One area of special emphasis is helping clients to choose and implement technology-powered solutions that improve legal department operations. For instance, we have extensive experience in selecting, customizing and successfully rolling out matter management systems that help legal departments track and manage lawsuits and other legal matters. These systems are powerful tools for managing budgets, spending and resources. We also provide similar services for document-management systems, patent-management applications and electronic-billing systems.

OUR CLIENTS

We provide financial and operational consulting services to a wide variety of both financially sound and distressed organizations, including Fortune 500 companies, medium-sized and large businesses, academic institutions, healthcare organizations and the law firms that represent these various organizations. Our clients are in a broad array of industries, including education, professional services, transportation services, healthcare, telecommunications, financial services, electronics, consumer products, energy and utilities, industrial manufacturing and food and beverage. Since commencing operations in May 2002, we have conducted over 1,000 engagements for over 500 clients. Our top ten clients represented 32.1% of our revenues in the year ended December 31, 2003 and 30.9% of our revenues in the three months ended March 31, 2004. No single client accounted for more than 10% of our revenues in either of those periods. The following are examples of engagements that we have performed for our clients.

Financial Consulting

Practice(s)	Client need	Huron solution
Disputes and investigations and valuation services	Assist legal counsel for an audit committee of a public software company in connection with an SEC investigation and class action litigation	Ø Forensic accounting experts conducted a large-scale, in-depth financial analysis of financial records and analyzed issues such as revenue recognition, acquisition accounting, capitalization of assets, complex transactions and goodwill impairment to identify accounting errors. Ø Consultants specializing in GAAP assisted the client with preparation of the restatement of its financial statements and presentations to the SEC. Ø Computer forensics experts assisted legal counsel in gathering data by capturing copies of servers, hard drives and emails and searching these sources for use in the restatement and litigation.
Corporate advisory services	Assist with Chapter 11 bankruptcy proceedings of a healthcare provider	Ø Analyzed the operations of the company to predict revenue going forward to demonstrate the viability of the company. Ø With the involvement of our healthcare practice, assisted in the evaluation of the company's operating expenses during the bankruptcy proceedings and the negotiation of the terms of the debtor-in-possession financing. Ø Served as the interface between creditors' committees and their advisors by addressing information requests, managing meetings and other committee-related issues. Ø Analyzed the feasibility of the company's projections in the plan of reorganization with the assistance of the healthcare practice and provided written testimony on this analysis at the reorganization plan confirmation hearing.
Valuation services	Value assets of acquired company for purchase price allocation by a global media company	Ø Analyzed the fair market value of the assets of the acquired company, including tangible assets, customer relationships, favorable contracts, franchise value and goodwill. Ø Determined the remaining life of the assets as well as tested for impairment of the assets in other operating units to support financial reporting requirements.

Business

Operational Consulting

Practice(s)	Client need	Huron solution
Higher education and strategic sourcing	Assess research administration infrastructure of a leading university due to dramatic growth in research volume and increased scrutiny of federal regulations	ø Evaluated current operations and provided a plan for implementation of improvements to research administration infrastructure, including: – rolesand responsibilities within central university units and departmental units; – organizationalstructure of the research enterprise, including its relationship with other university entities; – businessprocesses; – informationsystems; – personnel; – trainingand educational programs; and – performancemeasures for central research units. ø Evaluated the exposure of the primary research support units to financial and operational risks relating to research universities. ø Assessed impact of plans to replace university-wide financial systems on research administration support services. ø Our strategic sourcing practice is currently identifying areas where the university could reduce its costs of procuring goods and services, such as through library services, scientific supplies or office-related products.
Healthcare	Improve operating margins of healthcare provider	ø Comprehensive assessment of performance levels related to operating costs, supply costs, revenue cycle and organizational structure efficiency. ø Quantified and prioritized areas of potential opportunity for change, growth and/or improvement, including revenue management, nurse staffing, elimination of duplicative services, use of supplies and efficiency of information systems. ø Developed plans for annualized improvements in: – patientcare; – supplychain; – revenuecycle; and – informationtechnology.

Practice(s)	Client need	Huron solution
Legal business consulting	Develop cost saving initiatives for pharmaceutical company's recently expanded legal department	Ø Analyzed processing of legal matters through various phases and the distribution and management of legal work by internal and outside staff. Ø Developed cost saving initiatives to improve organizational design, outside counsel management and business process. Ø Assisted with the implementation of an interim matter management system for litigation and the selection of a new department-wide matter management system that will be implemented over a period of time.

EMPLOYEES

Our ability to bring the right expertise together to address client issues requires a willingness to work and think outside the bounds of a single practice or specialty. Our success depends on our ability to attract and retain highly talented professionals by creating a work environment where individuals and teams thrive and individuals are rewarded for their contributions and our successes. To accomplish those goals and recognize performance, we have adopted a comprehensive rewards program incorporating compensation, training and development opportunities, performance management and special recognition programs.

As of March 31, 2004, we had 588 employees, consisting of 483 consultants and 105 non-billable professionals. The 483 consultants consisted of 63 managing directors, 74 directors, 114 managers and 232 associates and analysts. Of these consultants, 133 have a master's degree in business administration, 76 are certified public accountants and various others are accredited valuation specialists and forensic accountants. Our managing directors serve clients as advisors and engagement team leaders, originate revenue through new and existing client relationships, and work to strengthen our intellectual capital, develop our people and enhance our reputation. Our directors and managers manage day-to-day client relationships and oversee the delivery and overall quality of our work product. Our associates and analysts gather and organize data, conduct detailed analyses and prepare presentations that synthesize and distill information to support recommendations we deliver to clients.

Our 105 non-billable professionals at March 31, 2004 consisted of 11 managing directors, 15 directors, 13 managers, 36 associates and analysts and 30 assistants. Our non-billable professionals include our senior management team, senior client relationship managers and legal, finance, information technology, marketing and human resource personnel.

We assimilate and support employees in their career progression through training and development programs. We have structured orientation and training programs for new analysts, "milestone" programs to help recently promoted employees quickly become effective in their new roles, and opportunities for self-directed training, including technical and consulting courses. We assign employees internal performance coaches to identify opportunities for development, formal training or certifications.

Our compensation plan includes competitive base salary, incentives and benefits. Under our incentive plan, directors, managers, associates and analysts set goals each year with a performance coach. These

goals are aligned with our business goals as well as individual interests and development needs. The plan balances our value of teamwork with recognition of individual performance, and incentive compensation is tied to both team and individual performance. Incentives for managing directors are based on their individual performance and their contribution to their practice and to our business as a whole. Funding of the managing director incentive pool is based on our achievement of annual financial goals. In addition, managing directors, directors and managers are eligible for long-term equity incentives.

BUSINESS DEVELOPMENT AND MARKETING

Business development

Our business development activities aim to build relationships and a strong brand reputation with key sources of business and referrals, especially top-tier law firms and the offices of the chief financial officer and general counsel of organizations. We believe that excellent service delivery to clients is critical to building relationships and our brand reputation, and we emphasize the importance of client service to all of our employees.

We generate most of our new business opportunities through relationships that our managing directors have with individuals working in corporations, academic institutions, existing or former clients and top-tier law firms. Although some managing directors spend more time on service delivery than new business development, all of our managing directors understand their important role in ongoing relationship and business development, which is reinforced through our compensation and incentive program. We actively seek to identify new business opportunities, and we frequently receive referrals and repeat business from past and current clients and from the law firms with which we have worked.

In addition, to complement the business development efforts of our managing directors, we recently formed a group of senior client relationship managers, who are focused exclusively on developing client relationships and generating new business through their extensive network of contacts. We also have formed relationships with prominent academics, which we believe may generate new business opportunities.

Marketing

We have a centralized marketing department with a marketing professional assigned to each of our practices. The centralized department coordinates these professionals' activities, and also develops and coordinates traditional marketing programs, such as participation in seminars, sponsorship of client events and publication of articles in industry publications to actively promote our name and capabilities. The marketing department also manages public relations activities, develops printed marketing materials and performs research and database management to support sales efforts.

COMPETITION

The consulting services industry is extremely competitive, highly fragmented and subject to rapid change. The industry includes a large number of participants with a variety of skills and industry expertise, including other business operations and financial consulting firms, general management consulting firms, the consulting practices of major accounting firms, technical and economic advisory firms, regional and specialty consulting firms and the internal professional resources of organizations. We compete with a large number of service providers in both of our segments. Our competitors often vary depending on the particular practice area. In addition, we also expect to continue to face competition from new entrants because the barriers to entry into consulting services are relatively low.

We believe the principal competitive factors in our market include firm and consultant reputations, client and law firm relationships and referrals, the ability to attract and retain top consultants, the ability to manage engagements effectively and the ability to be responsive and provide high quality services. There is also competition on price, although to a lesser extent due to the critical nature of many of the issues that the types of services we offer address. Many of our competitors have a greater geographic footprint, including an international presence, and name recognition, as well as have significantly greater personnel, financial, technical and marketing resources than we do. We believe that our independence, experience, reputation, industry focus and broad range of professional services enable us to compete favorably and effectively in the consulting marketplace.

FACILITIES

Our principal executive offices are located in a leased facility in Chicago, Illinois, consisting of approximately 62,000 square feet of office space, under a ten-year lease that expires in May 2014. We have two five-year renewal options that will allow us to continue to occupy this office space until May 2024. We also have an ongoing expansion option that allows us to lease additional space at such time as the additional space is available for lease, subject to specified notice and election provisions contained in the lease agreement. This facility accommodates our executive team and corporate departments, as well as consultants in each of our practices. We also occupy leased facilities for our five other core offices located in Boston, Houston, New York City, San Francisco and Washington, D.C., as well as smaller offices located in Charlotte and Los Angeles. We do not own any real property. We believe that our leased facilities are adequate to meet our current needs and that additional facilities are available for lease to meet future needs.

LEGAL PROCEEDINGS

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 prospectus, we are not a party to or threatened with any litigation or other legal proceeding that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

Management

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the names and positions of our executive officers and board members, as well as our director nominees, and their ages as of May 10, 2004.

Prior to the consummation of this offering, we expect to appoint four new independent directors, including Deborah A. Bricker, James D. Edwards and John McCartney. They have consented to serve as directors. In addition, we anticipate that Paul G. Yovovich will be added to our board after the consummation of this offering.

Name	Age	Position(s)
Gary E. Holdren	53	Chief Executive Officer, President and Director
George E. Massaro	56	Chief Operating Officer and Director
Gary L. Burge	50	Vice President, Chief Financial Officer and Treasurer
Ronald C. Provenzano	38	Vice President, Chief Legal Officer and Secretary
Daniel P. Broadhurst	45	Vice President and Assistant Secretary
Mary M. Sawall	48	Vice President, Human Resources
Deborah A. Bricker	51	Director Nominee
James D. Edwards	60	Director Nominee
John McCartney	51	Director Nominee

The following is information regarding each of our executive officers, board members, director nominees and Mr. Yovovich.

Gary E. Holdren has served as our Chief Executive Officer and President and as a director since May 2004 and as Chief Executive Officer of Huron Consulting Group LLC, our operating subsidiary, since June 2003 and President of Huron Consulting Group LLC since we commenced operations in May 2002. Previously, he was a partner and the midwest director of global client services of Arthur Andersen LLP, where he also served on the U.S. management committee from 1991 to 1998, and the executive council of Andersen Worldwide from 1994 to 1998. Mr. Holdren has more than 30 years of experience consulting with corporations and legal counsels on complex financial and business matters as well as extensive experience serving as an expert witness. He has extensive consulting experience in international tax, antitrust and corporate civil damages and has testified as an accounting and industry expert in federal tax court and federal district courts. Mr. Holdren is a member of the board of directors of the Lyric Opera of Chicago and Cowboy Dreams, a Chicago-area charitable organization. He also serves on the executive committee and board of directors of The Joffrey Ballet of Chicago, and is a member of the Business Advisory Council of the Richard T. Farmer School of Business, Miami University-Ohio. Mr. Holdren is a certified public accountant.

George E. Massaro has served as our Chief Operating Officer and as a director since May 2004 and as Chief Operating Officer of Huron Consulting Group LLC since June 2003. Mr. Massaro joined Huron Consulting Group LLC in August 2002 as a managing director and subsequently became the leader of our disputes and investigation and valuation services practices. Previously, he served as the managing partner of Arthur Andersen LLP's 1,200 person New England practice from 1998 to 2002 and managing partner of the Boston office from 1995 to 1998. Mr. Massaro has served clients in the financial services and high technology industries. Mr. Massaro serves as a director of Charles River Laboratories, a provider of research products and preclinical services for the biomedical community, and of Eastern Bank Corporation, an independent mutual bank holding company in New England. He is a certified public accountant.

Management

Gary L. Burge has served as our Vice President, Chief Financial Officer and Treasurer since May 2004 and as Vice President, Chief Financial Officer and Treasurer of Huron Consulting Group LLC since November 2002. Prior to joining us, he served as the chief financial officer for PrimeCo Wireless Communications from 2001 to 2002. From 1999 to 2001, Mr. Burge served as chief financial officer for Morningstar Inc., a globally recognized provider of investment information and services to the individual and institutional marketplace. During his career, he has also held various senior management and leadership roles with 360° Communications Company, Sprint Corporation and Centel Corporation, where he held positions in finance, information technology, engineering and mergers and acquisitions. Mr. Burge began his career in professional services with Deloitte & Touche LLP. He is a certified public accountant.

Ronald C. Provenzano has served as our Vice President, Chief Legal Officer and Secretary since May 2004. He has also served as Vice President, Chief Legal Officer and Secretary of Huron Consulting Group LLC since 2004 and as its deputy general counsel from 2003 to 2004. From 1999 to 2003, Mr. Provenzano was vice president and associate general counsel of True North Communications, where he was in charge of litigation and regulatory affairs, including management of disputes and government investigations for True North and its worldwide subsidiaries. Following True North's merger with Interpublic Group, he served as division counsel for the Chicago office of Interpublic's Foote, Cone & Belding subsidiary. From 1992 to 1998, Mr. Provenzano practiced at Kirkland & Ellis, where he was a partner from 1997 to 1998.

Daniel P. Broadhurst has served as our Vice President and Assistant Secretary since May 2004 and as Vice President and Assistant Secretary of Huron Consulting Group LLC since January 2004 and Managing Director of Huron Consulting Group LLC since May 2002. He is responsible for quality and corporate development as well as providing business and financial consulting services. His expertise covers large and complex litigation matters related to international and domestic tax law, regulatory issues, breach of contract, intellectual property, fraud, tort, environmental, and claims against government agencies. Previously, Mr. Broadhurst was a partner at Arthur Andersen LLP and led the economic and financial consulting group from 1998 through 2002. He is a certified public accountant.

Mary M. Sawall has served as our Vice President, Human Resources since May 2004, as Vice President, Human Resources of Huron Consulting Group LLC since January 2004 and as Managing Director and head of Human Resources of Huron Consulting Group LLC since May 2002 when we commenced operations. Previously, she was executive vice president of human resources at Encore Development, a technology solutions provider, from 2000 to 2001, and at Whittman-Hart Inc., a global business and technology solutions provider, from 1998 to 2000. She has also served as director of human resources for the Illinois practice of Deloitte & Touche LLP and has had financial and administrative management positions at Booz Allen Hamilton and Cambridge Associates.

Deborah A. Bricker is a nominee to our board of directors and has consented to serve as a director. She has served as the President of Bricker Partners LLC, a private investment and management consulting company, since 1999. Ms. Bricker previously founded and was president of Bricker & Associates, Inc., an operational improvement consulting firm, from 1978 to 1999 when it was sold to Keane, Inc. She currently serves on the board of directors of Forsythe Technology, Inc. and on the boards of several not-for-profit institutions, including The Goodman Theatre, where she was the immediate past chairman, The Chicago Public Library Foundation, The University of Chicago Hospitals & Health System and The Chicago Public Education Fund.

James D. Edwards is a nominee to our board of directors and has consented to serve as a director. He is the owner of JDE Enterprises Inc., a provider of consulting and independent contractor services.

Mr. Edwards retired in 2002 as managing partner-global markets of Arthur Andersen LLP, a position he had held since 1998. Mr. Edwards began his career with Arthur Andersen LLP in 1964 and served in several positions after that time. Mr. Edwards is also a director of IMS Health Incorporated and Transcend Services, Inc.

John McCartney is a nominee to our board of directors and has consented to serve as a director. He has served as a director of Westcon Group, Inc. since August 1998 and was elected chairman of the board of directors in January 2001. Mr. McCartney served as vice chairman of the board of directors of Datatec from October 1998 until March 2004. Since December 2003, he has served as chairman of the board of First Circle Medical, Inc., a privately held medical therapy company. Since 1998, Mr. McCartney has served as a director of A.M. Castle Corporation, a steel distributor, and he currently serves as lead director and chairman of the audit committee. From June 1997 to March 1998, he held the position of president of 3Com Corporation's Client Access Unit. He joined the executive management team of US Robotics in March 1984 as vice president and chief financial officer and served in various executive capacities until serving as president and chief operating officer of US Robotics from January 1996 until its merger with 3Com Corporation in June 1997. From 1981 to 1984, Mr. McCartney was vice president of operations of Dur-o-wal, Inc., a company that manufactures and supplies products to the masonry construction industry. From 1976 to 1981, he held the position of manager at Grant Thornton LLP, a public accounting firm. Mr. McCartney is a certified public accountant.

Paul G. Yovovich, 50, is anticipated to be added to our board after consummation of the offering. He served as the Chief Executive Officer of Huron Consulting Group Inc. from our inception through April 2004. Mr. Yovovich has served as president of Lake Capital Management LLC since 1999. Previously, he held a variety of senior executive positions and was president of Advance Ross Corporation, an international financial services company, from 1993 to 1996. Mr. Yovovich serves on the boards of 3Com Corporation, APAC Customer Services, Inc., Archstone Consulting, Dutko Holdings LLC and DVC Worldwide, LLC.

BOARD OF DIRECTORS

Our certificate of incorporation provides that our board of directors will consist of such number of directors as from time to time fixed by resolution of the board, which currently consists of two persons. We expect to increase the size of our board to include five additional members. Ms. Bricker, Mr. Edwards and Mr. McCartney, nominees to our board, will each be an independent director in accordance with the independence requirements of the NASDAQ National Market and the rules of the SEC. We anticipate adding Mr. Yovovich to our board after consummation of the offering.

Prior to the completion of this offering, our certificate of incorporation will be amended to divide our board into three classes, as nearly equal in number as possible, with one class to be elected each year to serve for a three-year term. Class I directors will have an initial term expiring in 2005, Class II directors will have an initial term expiring in 2006 and Class III directors will have an initial term expiring in 2007.

The composition of the committees of the board of directors described below will be determined prior to the consummation of this offering.

BOARD COMMITTEES

Prior to the consummation of this offering, we plan to establish an audit committee, a compensation committee and a nominating committee. The composition of the committees of the board of directors will be determined once independent directors are added to our board.

Audit committee

The audit committee will be comprised of not fewer than three directors elected by a majority of the board. The audit committee will oversee our accounting and financial reporting processes, as well as the audits of our financial statements, including retaining and discharging our auditors. Our audit committee will comply with the independence requirements of the NASDAQ National Market and the rules of the SEC under the Securities Exchange Act of 1934, as amended.

Compensation committee

The compensation committee will be comprised of not fewer than three directors elected by a majority of the board. The compensation committee will oversee the administration of our benefit plans, review and administer all compensation arrangements for executive officers and establish and review general policies relating to the compensation and benefits of our officers and employees. Our compensation committee will comply with the independence requirements of the NASDAQ National Market.

Nominating committee

The nominating committee will be comprised of not fewer than three directors elected by a majority of the board. The nominating committee's responsibilities will include identifying and recommending to the board appropriate director nominee candidates. Our nominating committee will comply with the independence requirements of the NASDAQ National Market.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our executive officers will serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Although we had no compensation committee during the year ended December 31, 2003, Mr. Holdren, Mr. Massaro, Ms. Sawall, Mr. Yovovich, our former Chief Executive Officer of the company and president of Lake Capital Management LLC, and Edward A. Kovas, our former Vice President and vice president of Lake Capital Management LLC, participated in various stages of deliberation concerning executive officer compensation. See "Certain relationships and related transactions."

COMPENSATION OF DIRECTORS

We do not currently compensate our directors for their service as members of our board of directors. After the consummation of this offering, we will pay each of our independent directors $20,000 per year and $1,000 for each meeting of the board of directors or any committee of the board that he or she attends. We also plan to pay a fee for acting as a committee chair and to grant stock options and/or restricted common stock to independent directors under our Omnibus Stock Plan. On the date of this prospectus, we intend to grant to each independent director options exercisable for shares of our common stock, assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus. These options will have a per share exercise price equal to the public offering price. All of our directors will be reimbursed for out-of-pocket expenses for attending board and committee meetings.

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth information on compensation earned by Mr. Holdren, our Chief Executive Officer, and each of our next four most highly compensated executive officers for the year ended December 31, 2003. We refer to these officers in this prospectus as our named executive officers.

Summary compensation table

Name and principal position	Annual compensation		Long-term compensation awards—number of securities underlying options (#) (2)	All other compensation ($) (3)
	Salary ($)	Bonus ($)		
Gary E. Holdren[1] Chief Executive Officer and President	750,000	500,375		23,878
George E. Massaro Chief Operating Officer	450,000	350,625		24,380
Daniel P. Broadhurst Vice President and Assistant Secretary	485,116	184,167		17,880
Suzanne S. Bettman[4] Vice President, Chief Legal Officer and Secretary	310,065	103,750		13,065
Mary M. Sawall Vice President, Human Resources	225,000	100,000		15,121

(1) Mr. Holdren has served as our Chief Executive Officer and President since May 2004 and as Chief Executive Officer of Huron Consulting Group LLC since June 2003 and President since we commenced operations in May 2002. During 2003, Paul G. Yovovich served as our named Chief Executive Officer, but received neither compensation nor equity grants from us. Mr. Yovovich resigned from his position as Chief Executive Officer in April 2004.

(2) See disclosure under "Option grants in fiscal year 2003" below.

(3) All other compensation details:

	401(k) match ($)	Life insurance premiums ($)	Long-term disability insurance premiums ($)
Mr. Holdren	12,000	4,278	7,600
Mr. Massaro	12,000	6,139	6,241
Mr. Broadhurst	12,000	1,360	4,520
Ms. Bettman	9,208	1,021	2,836
Ms. Sawall	12,000	1,500	1,621

(4) Ms. Bettman resigned in February 2004.

Option grants in fiscal year 2003

The following table sets forth information concerning the grant of stock options to each of the named executive officers during the last fiscal year. The potential realizable value is calculated based on assumed rates of stock appreciation of 0%, 5% and 10% compounded annually from the date the options were granted until their expiration date. The assumed 0%, 5% and 10% rates of stock appreciation are based on an assumed public offering price of $, the mid-point of the range shown on the cover of this prospectus. These numbers are calculated based on the requirements of the SEC and do not reflect our estimate of future stock price growth.

Name	Number of securities underlying options granted[1]	Percent of total options granted to employees in fiscal year	Exercise or base price per share	Expiration date	Potential realizable value at assumed rates of stock price appreciation for option term (10 years)		
					0%	5%	10%
Gary E. Holdren		4.65%		5/23/13			
George E. Massaro		2.32%		5/23/13			
		6.97%		12/22/13			
Daniel P. Broadhurst		0.70%		5/23/13			
Suzanne S. Bettman(2)		0.23%		5/23/13			
Mary M. Sawall		0.93%		5/23/13			

(1) All options vest 25% each grant anniversary over four years, subject to the executive's continued employment.
(2) These options were cancelled in connection with Ms. Bettman's resignation in February 2004.

Option values at December 31, 2003

The following table sets forth information concerning the exercise of stock options during 2003 by each of the named executive officers and the value at the end of our 2003 fiscal year of the unexercised options held by the named executive officers. The value realized upon exercise of stock options during 2003 and the value of unexercised in-the-money options are based on an assumed public offering price of $, the mid-point of the range shown on the cover of this prospectus.

Name	Shares acquired on exercise (#)	Value realized ($)	Number of securities underlying unexercised options at fiscal year end exercisable/ unexercisable (#)	Value of unexercised in-the-money options at fiscal year end exercisable/ unexercisable ($)
Gary E. Holdren				
George E. Massaro				
Daniel P. Broadhurst				
Suzanne S. Bettman(1)				
Mary M. Sawall				

(1) The unexercisable options were cancelled in connection with Ms. Bettman's resignation.

EMPLOYMENT AGREEMENTS

Holdren senior management agreement

Huron Consulting Group LLC has entered into a senior management agreement with Mr. Holdren. The agreement, which was effective as of May 13, 2002, has an initial term of three years and automatically renews for additional one-year periods on an annual basis unless, at least 60 days prior to the expiration of the then-current term, we or Mr. Holdren provide notice that the agreement shall not renew. The

agreement provides that Mr. Holdren will report to the chairman of our board of directors. Under the terms of the agreement, in 2004, Mr. Holdren's minimum annual base salary is $800,000 and his annual performance bonus target is $850,000. Compensation is subject to annual review. Mr. Holdren will receive a minimum payment with respect to that annual bonus for the periods ending on each of May 13, 2004 and May 13, 2005, in an amount of $225,000 and $112,500, respectively, with such amounts being paid in four quarterly installments during the year to which they relate. Thereafter, the remaining amount of the annual bonus to be received by Mr. Holdren will be based on the achievement of performance goals set by our compensation committee. Mr. Holdren is also eligible for additional bonuses in the event that our annual earnings exceed targets set by the compensation committee, in amounts that the compensation committee determines to be appropriate.

Mr. Holdren's agreement provides that if his employment is terminated by us without cause, if he resigns for good reason (as such terms are defined in the agreement) or if he is terminated in connection with a non-renewal of the agreement prior to the fifth anniversary of its execution, Mr. Holdren will be entitled to severance pay of $1,500,000, payable over the twelve-month period following termination, along with continuation of medical and dental benefits and company provided perquisites during such twelve-month period. If Mr. Holdren is terminated by us without cause or if he resigns for good reason within twelve months of a qualified change of control, the $1,500,000 will be paid in a lump sum. In addition, Mr. Holdren or his estate is entitled to severance pay of six-months' base salary over the six-month period following his death or disability, along with continuation of medical benefits. Mr. Holdren is also entitled to coverage under our directors and officers insurance policy for six years following his termination, subject to specified exceptions and limitations. Mr. Holdren has agreed to certain restrictive covenants that will survive for a period of one to three years following the termination of his employment pursuant to which he will not solicit our clients or interfere with our relationships with our employees or customers.

Mr. Holdren's agreement provided for the purchase by him of shares of our common stock pursuant to a separate restricted shares award agreement under our 2002 Equity Incentive Plan. On December 10, 2002, Mr. Holdren purchased the shares of our common stock, at a purchase price of $ per share. The restricted shares award agreement provides us with repurchase rights with respect to these shares that lapse over a three-year vesting period, subject to acceleration upon the occurrence of certain specified events, including a qualified public offering of shares of our common stock. Pursuant to the acceleration provision, Mr. Holdren's restricted shares will fully vest immediately prior to the consummation of this offering. In addition, Mr. Holdren will have the ability to exercise certain piggyback registration rights with respect to these shares. Pursuant to these piggyback registration rights, if, following the consummation of this offering, we propose any underwritten public offering of our equity securities pursuant to an effective registration statement under the Securities Act (other than a registration statement relating to our employee benefit plans, exchange offers by us or a merger or acquisition of a business or assets by us), Mr. Holdren is entitled to include his shares of common stock in that registration with all registration expenses paid by us.

Pursuant to a separate restricted shares award agreement under our 2002 Equity Incentive Plan, on December 31, 2002, Mr. Holdren purchased an additional shares of our common stock. While we currently have repurchase rights with respect to these shares, the repurchase rights will lapse in connection with the consummation of this offering. Mr. Holdren does not have registration rights with respect to these restricted common shares.

Mr. Holdren has subsequently been granted options to acquire an additional shares of our common stock under our 2003 Equity Incentive Plan.

Massaro senior management agreement

Huron Consulting Group LLC has also entered into a senior management agreement with Mr. Massaro. Mr. Massaro's agreement, which was effective August 12, 2002, has an initial three-year term and automatically renews for additional one-year periods on an annual basis unless, at least 60 days prior to the expiration of the then-current term, we or Mr. Massaro provide notice that the agreement shall not renew. Under the terms of the agreement, Mr. Massaro receives a minimum annual base salary of $350,000 and has an annual performance bonus target during his initial three year term of $150,000. Compensation is subject to annual review. Mr. Massaro has a guaranteed minimum bonus payment of $75,000 for the year ending August 12, 2004, to be paid in quarterly installments during the year and a guaranteed minimum bonus payment of $37,500 for the year ending August 12, 2005, also payable in quarterly installments during the year. Mr. Massaro is also eligible for additional bonuses in the event that our annual earnings exceed targets set by our compensation committee, in amounts that the compensation committee determines to be appropriate.

Mr. Massaro was also granted options to acquire shares of our common stock under our 2002 Equity Incentive Plan at the time his employment commenced. Mr. Massaro has subsequently been granted options to acquire an additional shares of our common stock under our 2002 Equity Incentive Plan and options to acquire an additional shares of our common stock under our 2003 Equity Incentive Plan. In accordance with the original terms of the grants under our 2002 Equity Incentive Plan, the options granted under that plan will vest in full in connection with the consummation of this offering.

Mr. Massaro's agreement provides that if his employment is terminated by us without cause or if he resigns for good reason (as such terms are defined in the agreement) he will be entitled to severance pay equal to six months' base salary, which amount is subject to offset for remuneration earned by Mr. Massaro during the six-month period following such a termination. In addition, Mr. Massaro or his estate is entitled to severance pay of three months base salary payable over the three-month period following his death or disability, along with continuation of medical benefits. Mr. Massaro has also agreed to certain restrictive covenants that will survive for one year following the termination of his employment pursuant to which, among other things, he will not solicit our clients or interfere with our relationships with our employees or customers.

Broadhurst senior management agreement

Huron Consulting Group LLC has also entered into a senior management agreement with Mr. Broadhurst. Mr. Broadhurst's agreement, which was effective May 15, 2002, has an initial three-year term and automatically renews for additional one-year periods on an annual basis unless, at least 60 days prior to the expiration of the then-current term, we or Mr. Broadhurst provide notice that the agreement shall not renew. Under the terms of the agreement, Mr. Broadhurst receives an annual base salary of no less than $485,000, an annual target bonus for the initial term of $260,000 and has a guaranteed minimum bonus payment of $130,000 with respect to such bonus for the year ending May 15, 2004 and a guaranteed minimum bonus payment of $65,000 for the following year ending May 15, 2005, to be paid in quarterly installments during each year. Mr. Broadhurst is also eligible for additional bonuses in the event that our annual earnings exceed targets set by the compensation committee, in amounts that the compensation committee determines to be appropriate.

Mr. Broadhurst was also granted options to acquire shares of our common stock under our 2002 Equity Incentive Plan at the time his employment commenced. In accordance with the original terms of the grant, these options will vest in full in connection with the consummation of this offering. Mr. Broadhurst has subsequently been granted options to acquire an additional shares of our common stock under our 2003 Equity Incentive Plan, which will not vest as a result of the consummation of this offering.

Mr. Broadhurst's agreement provides that if his employment is terminated by us without cause or if he resigns for good reason (as such terms are defined in the agreement) he will be entitled to severance pay equal to six months' base salary, which amount is subject to offset for remuneration earned by Mr. Broadhurst during the six-month period following such a termination. In addition, Mr. Broadhurst or his estate is entitled to severance pay of three months' base salary payable over the three-month period following his death or disability, along with continuation of medical benefits. Mr. Broadhurst has also agreed to certain restrictive covenants that will survive for one year following the termination of his employment pursuant to which, among other things, he will not solicit our clients or interfere with our relationships with our employees or customers.

Bettman senior management agreement

Huron Consulting Group LLC had entered into a senior management agreement with Ms. Bettman prior to her resignation in February 2004. Ms. Bettman did not receive any severance pay in connection with her resignation. Certain restrictive covenants of the agreement survive for one year following her resignation pursuant to which, among other things, she agreed not to solicit our clients or interfere with our relationships with our employees or customers.

Sawall senior management agreement

Huron Consulting Group LLC has entered into a senior management agreement with Ms. Sawall. Ms. Sawall's agreement, which was effective May 1, 2002, has an initial one-year term and automatically renews for additional one-year periods on an annual basis unless, at least 60 days prior to the expiration of the then-current term, we or Ms. Sawall provide notice that the agreement shall not renew. Under the terms of the agreement, Ms. Sawall receives an annual base salary of no less than $225,000 and is eligible to participate in our annual performance bonus plan. Ms. Sawall is also eligible for additional bonuses in the event that our annual earnings exceed targets set by the compensation committee, in amounts that the compensation committee determines to be appropriate.

Ms. Sawall was also granted options to acquire shares of our common stock under our 2002 Equity Incentive Plan at the time her employment commenced. Ms. Sawall has subsequently been granted options to acquire an additional shares of our common stock under our 2002 Equity Incentive Plan and options to acquire an additional shares of our common stock under our 2003 Equity Incentive Plan. In accordance with the original terms of the grants under our 2002 Equity Incentive Plan, the options granted under that plan will vest in full in connection with the consummation of this offering.

Ms. Sawall's agreement provides that if her employment is terminated by us without cause or if she resigns for good reason (as such terms are defined in the agreement) she will be entitled to severance pay equal to six months' base salary, which amount is subject to offset for remuneration earned by Ms. Sawall during the six-month period following such a termination. In addition, Ms. Sawall or her estate is entitled to severance pay of three months' base salary payable over the three-month period following her death or disability, along with continuation of medical benefits. Ms. Sawall has also agreed to certain restrictive covenants that will survive for one year following termination of her employment pursuant to which, among other things, she will not interfere with our relationships with our employees or customers.

EQUITY INCENTIVE PLANS

Existing equity incentive plans

We have adopted three equity incentive plans (our 2003 Equity Incentive Plan, our 2002 Equity Incentive Plan and our Amended and Restated 2002 Equity Incentive Plan (California)). Our existing equity incentive plans provide for the grant of equity options, equity appreciation rights and equity awards to

our officers, employees, third-party consultants and advisors. Following the consummation of this offering, we will issue future stock-based awards only under our 2004 Omnibus Stock Plan described below.

We have reserved shares of common stock for issuance under our three existing equity incentive plans. Of that number, as of March 31, 2004, a total of shares have been issued as past awards or are reserved for issuance under outstanding awards, consisting of shares subject to restricted stock awards and shares issuable upon the exercise of options, with a weighted average exercise price of $ per share. Following the consummation of this offering, shares subject to restricted stock awards granted in 2002 will be fully vested and options exercisable for shares issued pursuant to our 2002 Equity Incentive Plan and options exercisable for shares issued pursuant to our 2002 Equity Incentive Plan (California) will be fully vested.

Our compensation committee will administer our existing equity incentive plans following the consummation of this offering. Our compensation committee may amend, suspend or terminate the plans at any time. Additionally, our compensation committee may amend the terms of any outstanding awards, except that any award amendment that would adversely affect the rights of an award holder must be consented to by the award holder, unless the amendment is made either to avoid an expense charge to our company or to allow us take a deduction under the tax code.

2004 Omnibus stock plan

Prior to the consummation of this offering, we intend to adopt a new 2004 Omnibus Stock Plan, or the Omnibus Plan, which will replace our existing plans for grants of equity-based compensation following the consummation of this offering. There are several types of awards that may be granted under the Omnibus Plan: stock options (including both incentive stock options, or ISOs, within the meaning of Section 422 of the Internal Revenue Code and nonqualified options, which are options that do not qualify as ISOs), stock appreciation rights, restricted stock, phantom stock, stock bonus awards, and other equity-based awards valued in whole or in part by reference to, or otherwise based on, our common stock. A total of shares of common stock are reserved for issuance under the Omnibus Plan, subject to equitable adjustment upon certain corporate transactions or events. Shares subject to an award that remain unissued upon the cancellation or termination of the award will again become available for award under the Omnibus Plan, as shall any shares subject to an award that are retained by us as payment of the exercise price or tax withholding obligations and previously owned shares surrendered to us as payment of the exercise price of an option or to satisfy tax withholding obligations. In addition, to the extent an award is paid or settled in cash, the number of shares previously subject to the award shall again be available for grants pursuant to the Omnibus Plan.

The Omnibus Plan will be administered by our compensation committee. Our officers, employees and non-employee directors and third-party consultants are eligible to receive awards under the Omnibus Plan in the discretion of the compensation committee. The compensation committee will have the responsibility for interpreting the plan and determining all of the terms and conditions of awards made under the plan, including when they will become exercisable or otherwise vest. The compensation committee has the authority to accelerate the exercisability and/or vesting of any outstanding award at such times and under such circumstances as it deems appropriate. The Omnibus Plan may be amended by our board, subject to stockholder approval where necessary to satisfy legal or regulatory requirements. The Omnibus Plan will terminate not later than the tenth anniversary of its adoption. Awards granted before the termination of the Omnibus Plan may extend beyond that date in accordance with their terms.

The Omnibus Plan is intended to permit the grant of performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code, which generally limits the deduction that we

may take for compensation of our five most senior executive officers. Under Section 162(m), certain compensation, including compensation based on the attainment of performance goals, will not be subject to this limitation if certain requirements are met. The vesting of awards that are intended to qualify as performance based compensation will be based upon business criteria as established by the compensation committee from time to time.

To date, no awards have been granted under the Omnibus Plan. Inasmuch as awards under the Omnibus Plan will be granted at the sole discretion of our compensation committee, it is not possible at this time to determine either the persons who will receive awards under the Omnibus Plan or the amount of any such awards. On the date of effectiveness of the registration statement of which this prospectus forms a part, we intend to file a registration statement on Form S-8 covering the shares of our common stock reserved for issuance under the Omnibus Plan. On the date of this prospectus, we intend to grant shares of restricted stock to certain of our employees and options exercisable for shares of our common stock, with a per share exercise price equal to the public offering price and assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, to each of our independent directors.

Certain relationships and related transactions

HCG Holdings LLC

HCG Holdings LLC currently owns approximately 94% of our outstanding common stock and all of our outstanding 8% preferred stock and 8% promissory notes. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by certain institutional investors, some of our executive officers and employees, each of our board members, a director nominee and approximately 30 other holders. The executive officers and members or nominees of our board holding interests in HCG Holdings LLC are Messrs. Broadhurst, Burge, Holdren, Massaro and McCartney. Mr. Yovovich, whom we expect to add to our board after the consummation of this offering, is president of Lake Capital Management LLC and also has equity interests in HCG Holdings LLC. Upon consummation of this offering, we will use approximately $ million of our estimated net proceeds to redeem our outstanding 8% preferred stock and approximately $ million to repay our outstanding 8% promissory notes.

Management agreement and services

On April 23, 2002, HCG Holdings LLC entered into a Management Agreement on our behalf with Lake Capital Management LLC, which led the group of investors that sponsored our formation, pursuant to which Lake Capital Management LLC agreed to assist in our formation and provide general management services for us. In 2002, Lake Capital Management LLC was paid fees of $1.5 million under this agreement, $0.5 million of which was paid by offsetting amounts outstanding under a promissory note issued by Lake Capital Management LLC to us. Upon termination of the agreement in July 2002, we paid Lake Capital Management LLC an additional $1.0 million, which was paid by offsetting amounts outstanding under a promissory note. The only provisions of the agreement surviving termination relate to the limitation of Lake Capital Management LLC's liability for losses arising out of the services performed under the agreement and our obligation to indemnify Lake Capital Management LLC and persons related to it against such losses or liabilities, subject to specified exceptions. Mr. Yovovich has served as a president of Lake Capital Management LLC since 1999.

From time to time, Huron Consulting Group LLC reimburses Lake Capital Management LLC for its out-of-pocket expenses in connection with its provision of management advice on an at-will basis. We paid approximately $195,600 for the partial year ended December 31, 2002, approximately $97,000 for the year ended December 31, 2003 and $12,300 for the three months ended March 31, 2004.

Advisory services agreement

On April 23, 2002, HCG Holdings LLC entered into an Advisory Services Agreement on our behalf with PPM America Private Equity Fund, L.P., or PPM LP, which owns approximately 31% of the equity interests in HCG Holdings LLC, pursuant to which PPM LP agreed to provide general management and other corporate advisory services to us. In 2002, PPM LP was paid $0.3 million under this agreement. The agreement was terminated in July 2002. The only provision of the agreement surviving termination relates to the limitation of PPM LP's liability for losses arising out of the services performed under the agreement.

Registration rights—Holdren

On December 10, 2002, Mr. Holdren purchased shares of our common stock, at a purchase price of $ per share, pursuant to a restricted shares award agreement under our 2002 Equity Incentive Plan. The restricted shares award agreement grants Mr. Holdren certain piggyback registration rights with respect to these shares. Pursuant to these piggyback registration rights, if, following the consummation of this offering, we propose any underwritten public offering of our equity securities pursuant to an effective registration statement under the Securities Act (other than a registration statement relating to our employee benefit plans, exchange offers by us or a merger or acquisition of a business or assets by us), Mr. Holdren is entitled, subject to certain limitations, to include his shares of restricted common stock in that registration with all registration expenses paid by us.

Certain relationships and related transactions

Registration rights—HCG Holdings LLC

Prior to the consummation of this offering, we and HCG Holdings LLC will enter into an agreement pursuant to which we will provide HCG Holdings LLC certain demand, piggyback and shelf registration rights with respect to the shares (shares if the underwriters over-allotment option is exercised in full) of our common stock held by it immediately following the consummation of this offering.

Lake Capital Management LLC

We have an arrangement whereby we share with Lake Capital Management LLC season tickets for a luxury suite at Soldier Field for home games of the Chicago Bears that we use to entertain current and prospective clients. Under this arrangement, we paid $65,000 for the 2003 season and are responsible for $66,495 for the 2004 season.

Family relationships

Mr. Massaro's son-in-law, Marc Mercier, is currently employed by us as an associate. In this capacity, he received total salary and bonus of approximately $61,250 and $22,700 in the year ended December 31, 2003 and the partial year ended December 31, 2002, respectively.

Highline Technology LLC

Our wholly-owned operating subsidiary, Huron Consulting Group LLC, entered into an agreement, effective as of September 3, 2003, with Highline Technology LLC, an entity in which Mr. Yovovich owns 40%, pursuant to which Highline provides management of information technology services and special intellectual technology projects and solution integration. Our subsidiary pays quarterly fees of $31,250, plus expenses, during the term of the agreement, which can be terminated by either party upon 30 days prior written notice to the other party any time after December 31, 2004. No payments were made under the agreement in 2003, and a total of approximately $111,100 has been paid in 2004.

Principal and selling stockholders

The following table sets forth, as of , 2004, certain information regarding the beneficial ownership of our common stock by:

- each person known by us to beneficially own 5% or more of our common stock;
- each member of our board of directors and each director nominee;
- each of our named executive officers;
- all directors and executive officers as a group; and
- the selling stockholder.

Beneficial ownership is determined according to the rules of the SEC, and generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security, and includes options that are currently exercisable or exercisable within 60 days. Each director, officer or 5% or more stockholder, as the case may be, has furnished us with information with respect to beneficial ownership. Except as otherwise indicated, we believe that the beneficial owners of common stock listed below, based on the information each of them has given to us, have sole investment and voting power with respect to their shares, except where community property laws may apply.

The following table lists applicable percentage ownership based on shares of common stock outstanding as of , 2004, which gives effect to a for stock split of our Class A common stock and Class B common stock and to the conversion of all of our outstanding shares of Class A common stock and Class B common stock into shares of our common stock, on a one-for-one basis, each of which will occur prior to the completion of this offering. The following table also lists applicable percentage ownership based on shares of common stock outstanding after completion of this offering. Options to purchase shares of our common stock that are exercisable within 60 days of , 2004, are deemed to be beneficially owned by the persons holding these options for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person's ownership percentage. Except as noted below, this table does not take into account the underwriters' over-allotment option.

	Beneficial ownership prior to offering			Beneficial ownership after offering	
Name of beneficial owner	Shares	%	Shares offered	Shares	%
HCG Holdings LLC(1)		%			%
Gary E. Holdren(2)					
George E. Massaro(3)					
Daniel P. Broadhurst(4)					
Suzanne S. Bettman(5)					
Mary M. Sawall(6)					
Deborah A. Bricker					
James D. Edwards					
John McCartney(7)					
All directors and executive officers as a group (persons)(8)					

* *indicates less than 1% ownership.*

(footnotes on following page)

Principal and selling stockholders

(1) *Lake Capital Partners LP and Lake Capital Management LLC are members of HCG Holdings LLC and collectively have investment and voting control over the shares of our common stock held by HCG Holdings LLC. Lake Capital Investment Partners LP is the sole general partner of Lake Capital Partners LP and Lake Partners LLC is the sole general partner of Lake Capital Investment Partners LP. Terence M. Graunke and Paul G. Yovovich are the sole members of Lake Partners LLC and, pursuant to the Lake Partners LLC operating agreement, each has investment and voting control over, and may be deemed to be the beneficial owner of, the shares controlled by that entity. Mr. Graunke is also the controlling member of Lake Capital Management LLC and, pursuant to the Lake Capital Management LLC operating agreement, has investment and voting control over, and may be deemed to be the beneficial owner of, the shares controlled by that entity. Mr. Graunke and Mr. Yovovich disclaim beneficial ownership in the shares of common stock owned by HCG Holdings LLC except to the extent of their pecuniary interests therein.*

(2) *Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004. Excludes shares of restricted common stock to be granted on the date of this prospectus. Includes shares in respect of Mr. Holdren's equity interests in HCG Holdings LLC and shares held in trust for his wife and children as to which he disclaims beneficial ownership.*

(3) *Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Excludes shares of restricted common stock to be granted on the date of this prospectus. Includes shares in respect of Mr. Massaro's equity interests in HCG Holdings LLC.*

(4) *Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Excludes shares of restricted common stock to be granted on the date of this prospectus. Includes shares in respect of Mr. Broadhurst's equity interests in HCG Holdings LLC.*

(5) *Includes shares in respect of Ms. Bettman's equity interests in HCG Holdings LLC.*

(6) *Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Excludes shares of restricted common stock to be granted on the date of this prospectus. Includes shares in respect of Ms. Sawall's equity interests in HCG Holdings LLC.*

(7) *Includes shares in respect of Mr. McCartney's equity interests in HCG Holdings LLC.*

(8) *Includes an aggregate of shares issuable upon exercise of options held by members of the group that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Excludes shares of restricted common stock to be granted on the date of this prospectus.*

Description of capital stock

The following is a description of the material terms of our certificate of incorporation and bylaws, as each is anticipated to be in effect upon the consummation of this offering, and of certain provisions of Delaware law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by, the provisions of our certificate of incorporation and bylaws, copies of which will be filed as exhibits to the registration statement of which this prospectus forms a part, and by the applicable provisions of Delaware law.

Immediately following the closing of this offering, our authorized capital stock will consist of:

- Ø shares of common stock, par value $.01 per share;
- Ø shares of 8% preferred stock, par value $.01 per share; and
- Ø shares of preferred stock.

Upon the closing of this offering, there will be shares of common stock and no shares of preferred stock issued and outstanding. We intend to use approximately $ million of our net proceeds from this offering to optionally redeem all of our outstanding 8% preferred stock upon consummation of this offering, as described in the section of this prospectus entitled "Use of proceeds," and upon full redemption, the 8% preferred stock will cease to exist as a separate class of capital stock.

COMMON STOCK

Voting

The holders of our common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders, including the election of directors, and do not have any right to cumulate votes in the election of directors.

Dividends

Subject to the rights and preferences of the holders of any shares of our 8% preferred stock or any series of preferred stock which may at the time be outstanding, holders of our common stock are entitled to such dividends as our board of directors may declare out of funds legally available.

Liquidation rights

In the event of any liquidation, dissolution or winding-up of our affairs, after payment of all of our debts and liabilities and subject to the rights and preferences of the holders of any outstanding shares of our 8% preferred stock or any series of our preferred stock, the holders of our common stock will be entitled to receive the distribution of any of our remaining assets.

Other matters

Holders of our common stock have no conversion, preemptive or other subscription rights and there are no redemption rights or sinking fund provisions with respect to the common stock. All outstanding shares of our common stock are, and the shares of our common stock to be sold in this offering when issued and paid for will be, validly issued, fully paid and non-assessable.

8% PREFERRED STOCK

We intend to use approximately $ million of our net proceeds from this offering to optionally redeem all of our outstanding 8% preferred stock, as described in the section of this prospectus entitled "Use of proceeds."

Description of capital stock

Dividends

The 8% preferred stock accrues dividends on a daily basis at the rate of 8% per annum, compounded annually, on its stated value per share, from and including the date of issuance of the share until the earlier of our liquidation, dissolution or the winding-up of our affairs or the redemption or conversion of the share in accordance with its terms. The 8% preferred stock has a stated value of $1,000 per share, subject to adjustment. Each share of 8% preferred stock is also entitled to receive any dividends paid on shares of our common stock as if each share of 8% preferred stock were equal to the number of shares of common stock determined by dividing (a) the stated value of the share of 8% preferred stock by (b) the market price of a share of common stock. Under our certificate of incorporation, the market price of a share of common stock is determined based upon the trading pricing of our common stock or, in the event our common stock is not listed for trading, as reasonable determined by our board.

At any time shares of 8% preferred stock are issued and outstanding, we will be prohibited from declaring or paying dividends on or making any distribution in respect of our common stock or any other capital stock ranking junior to the 8% preferred stock as to dividends or other distributions unless prior to or concurrently with such declaration, payment or distribution all accumulated and unpaid dividends on the 8% preferred stock shall have been fully paid or declared with funds irrevocably set apart for payment. HCG Holdings LLC has waived this condition in connection with the special dividend declared by us on May 12, 2004. See “Dividend Policy”.

Liquidation preference

In the event of any liquidation, dissolution or winding-up of our affairs, each holder of our 8% preferred stock will be entitled to receive, out of our assets available for distribution to stockholders, a liquidation preference in an amount of cash equal to the then current stated value of the shares of 8% preferred stock held plus all accrued and unpaid dividends. After the payment of the liquidation preference in full, our remaining assets available for distribution to stockholders will be distributed first to the holders of any securities that rank senior to our common stock as to liquidation and then ratably, on a share for share basis, to the holders of common stock and the holders of 8% preferred stock and any other holders of securities ranking on a parity with shares of our common stock as to liquidation. The liquidation preference and the pro rata portion of the 8% preferred stock’s liquidation participation amount are collectively referred to as the liquidation amount.

Redemption at our option

We may, at any time, redeem all or any portion of any outstanding shares of 8% preferred stock. If we elect to optionally redeem shares of 8% preferred stock, we will pay a price per share of 8% preferred stock equal to the liquidation amount, calculated as if we were to be liquidated as of the date of the redemption. Any optional redemptions by us will be made to each holder of outstanding shares of 8% preferred stock pro rata based on the aggregate liquidation amount of the 8% preferred stock held by each holder.

PREFERRED STOCK

We are authorized to issue up to shares of preferred stock. Our certificate of incorporation authorizes our board, without any further stockholder action or approval, to issue these shares in one or more classes or series, to establish from time to time the number of shares to be included in each class or series and to fix the rights, preferences and privileges of the shares of each wholly unissued class or series and any of its qualifications, limitations or restrictions. Our board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. We currently have no plans to issue any shares of preferred stock.

ANTI-TAKEOVER EFFECTS OF VARIOUS PROVISIONS OF OUR CERTIFICATE OF INCORPORATION, OUR BYLAWS AND DELAWARE LAW

Provisions of our certificate of incorporation, bylaws and Delaware law, which are summarized below, may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in such stockholder's best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Classified board of directors

Our certificate of incorporation provides for a board of directors divided into three classes, as nearly equal in number as possible, with one class to be elected each year to serve for a three-year term. The provision for a classified board will have the effect of making it more difficult for stockholders to change the composition of our board.

Number of directors; removal for cause; filling vacancies

Our certificate of incorporation and our bylaws provide that the number of directors will be fixed from time to time by an affirmative resolution of our board. Upon the closing of this offering, the size of our board will be fixed at seven directors.

Under the General Corporation Law of the State of Delaware, or the DGCL, unless otherwise provided in our certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our certificate of incorporation and bylaws provide that directors may be removed from office only for cause and only by the affirmative vote of the holders of at least two-thirds of the shares then entitled to vote generally in an election of directors, voting together as a single class. Our certificate of incorporation and bylaws also provide that any vacancies or newly created directorships on our board will be filled only by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the board of directors remains. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the vacancy occurred or the new directorship was created and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director.

The director removal and vacancy provisions will make it more difficult for a stockholder to remove incumbent directors and simultaneously gain control of the board by filling vacancies created by such removal with its own nominees.

Special meetings of stockholders

Our certificate of incorporation and bylaws deny stockholders the right to call a special meeting of stockholders. Our certificate of incorporation and bylaws provide that a special meeting of stockholders may be called only by a majority of our entire board of directors or the chairman of our board.

Stockholder action by written consent

Our certificate of incorporation requires all stockholder actions to be taken by a vote of the stockholders at an annual or special meeting, and does not permit the stockholders to act by written consent without a meeting.

Stockholder proposals

At an annual meeting of stockholders, only business that is properly brought before the meeting will be conducted or considered. To be properly brought before an annual meeting of stockholders, business must be specified in the notice of the meeting (or any supplement to that notice), brought before the

meeting by or at the direction of the board (or any duly authorized committee of the board) or properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must:

- be a stockholder of record on the date of the giving of the notice for the meeting;
- be entitled to vote at the meeting; and
- have given timely written notice of the business to our secretary.

To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 90 days nor more than 120 days prior to the anniversary date of the last annual meeting; provided, however, that in the event that the annual meeting is called for a date that is not within 25 days before or after the anniversary date, notice by the stockholder must be received not later than the close of business on the 10th day following the day on which notice of the date of the annual meeting was first given to stockholders.

A stockholder's notice to the secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting:

- a brief description of the business desired to be brought before the annual meeting and the reasons for conducting the business at the annual meeting;
- the name and address, as they appear on our books, of the stockholder proposing such business;
- the class or series and number of our shares which are owned beneficially or of record by the stockholder proposing the business;
- 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 the business; and
- a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the business before the meeting.

Similarly, at a special meeting of stockholders, only such business as is properly brought before the meeting will be conducted or considered. To be properly brought before a special meeting, business must be specified in the notice of the meeting (or any supplement to that notice) given by or at the direction of a majority of the entire board of directors or the chairman of our board.

Nomination of candidates for election to our board

Under our bylaws, only persons that are properly nominated will be eligible for election to be members of our board. To be properly nominated, a director candidate must be nominated at an annual meeting of the stockholders by or at the direction of our board (or any duly authorized committee of the board) or properly nominated by a stockholder. To properly nominate a director, a stockholder must:

- be a stockholder of record on the date of the giving of the notice for the meeting;
- be entitled to vote at the meeting; and
- have given timely written notice in proper written form to our secretary.

To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices:

- in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the last annual meeting of our stockholders; provided, however, that in the event

that the annual meeting is called for a date that is not within 25 days before or after the anniversary date of the last annual meeting, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the day on which notice of the date of the annual meeting was first given to stockholders; and

- 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 10th day following the day on which notice of the date of such meeting was first given to stockholders.

To be in proper written form, a stockholder's notice to the secretary 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 and must set forth:

- as to each person whom the stockholder proposes to nominate for election as a director:
  - the name, age, business address and residence address of the person;
  - the principal occupation or employment of the person;
  - the class or series and number of shares of our capital stock that are owned beneficially or of record by the person; and
  - 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, or the Exchange Act, and the rules and regulations promulgated thereunder; and
- as to the stockholder giving the notice:
  - the name and record address of such stockholder;
  - the class or series and number of shares of our capital stock that are owned beneficially or of record by such stockholder;
  - 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;
  - a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and
  - 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.

Amendment of certificate of incorporation and bylaws

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is required to amend or repeal a corporation's certificate of incorporation or bylaws, unless the certificate of incorporation requires a greater percentage. Our certificate of incorporation generally requires the approval of not less than two-thirds of the voting power of all of the shares of our capital stock entitled to vote, voting together as a single class, to amend any provisions of our certificate of incorporation described in this section. Our certificate of incorporation and bylaws provide that the holders of at least two-thirds of the voting power of all of the shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, have the power to amend or repeal our bylaws. In addition, our certificate of incorporation grants our board of directors the authority to

amend and repeal our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of Delaware or our certificate of incorporation.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

We have adopted provisions in our certificate of incorporation that limit or eliminate the personal liability of our directors to the maximum extent permitted by the DGCL. The DGCL expressly permits a corporation to provide that its directors will not be liable for monetary damages for a breach of their fiduciary duties as directors, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful stock repurchases, redemptions or other distributions or payment of dividends); or
- for any transaction from which the director derived an improper personal benefit.

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission. Our certificate of incorporation and bylaws also authorize us to indemnify our officers, directors and other agents to the fullest extent permitted under the DGCL and we may advance expenses to our directors, officers and employees in connection with a legal proceeding, subject to limited exceptions.

As permitted by the DGCL, our certificate of incorporation and bylaws provide that:

- we must indemnify our directors and officers to the fullest extent permitted by the DGCL, subject to limited exceptions; and
- we may purchase and maintain insurance on behalf of our current or former directors, officers, employees or agents against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such.

We may enter into separate indemnification agreements with each of our directors that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements may require us, among other things, to indemnify our directors against liabilities that may arise by reason of their status or service as directors, other than liabilities arising from willful misconduct. These indemnification agreements may also require us to advance any expenses incurred by the directors as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance if available on reasonable terms.

The limited liability and indemnification provisions in our certificate of incorporation, bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties and may reduce the likelihood of derivative litigation against our directors and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification by us is sought, nor are we aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Description of capital stock

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is .

LISTING

We intend to apply for the quotation of our common stock on the Nasdaq National Market under the symbol “HURN.”

Shares eligible for future sale

Prior to this offering there has been no public market for our common stock, and a significant public market for our common stock may never develop or be sustained after this offering. We cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. However, sales of our common stock in the public market after the restrictions lapse, or the perception that these sales may occur, could cause the market price of our common stock to decline.

Upon completion of this offering, we will have an aggregate of outstanding shares of common stock, excluding shares of restricted common stock to be granted to certain of our employees on the date of this prospectus. As of , 2004, we had outstanding stock options held by employees, consultants and directors for the purchase of an aggregate of shares of common stock.

The shares of common stock being sold in this offering (or shares if the underwriters exercise the over-allotment option in full) will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by affiliates of our company, as that term is defined in Rule 144 of the Securities Act. All remaining shares were issued and sold by us in private transactions and are eligible for public sale if registered under the Securities Act, or sold in accordance with Rule 144 or Rule 701 thereunder.

LOCK-UP AGREEMENTS

We, each member of our board, each of our director nominees, each of our executive officers and managing directors and the selling stockholder have signed lock-up agreements under which they will agree not to offer, sell, contract to sell, pledge, hedge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exercisable or exchangeable for shares of common stock, for a period of 180 days after the date of this prospectus. The 180-day lock-up period may be extended under certain circumstances where we announce or pre-announce earnings or material news or a material event occurs within approximately 18 days before, or approximately 16 days after, the termination of the 180-day period. In certain circumstances, however, the lock-up period will not be extended if we are actively traded, meaning that we have a public float of at least $150.0 million and average trading volume of at least $1.0 million per day. UBS Securities LLC and Deutsche Bank Securities Inc., in their sole discretion, may release some or all of these shares before the 180-day lockup period ends.

Following the expiration of the lock-up period, shares of common stock, including shares issuable upon the exercise of vested options 180 days after the date of this prospectus, will be available for sale in the public market, subject in some cases to the vesting of restricted common stock and to the volume and other restrictions of compliance with Rule 144, Rule 144(k) or Rule 701.

ELIGIBILITY OF RESTRICTED SHARES FOR SALE IN THE PUBLIC MARKET

Rule 144

In general, under Rule 144, a person or persons whose shares are aggregated who has beneficially owned restricted securities for at least one year, including the holding period of any holder who is not an affiliate, and who files a Form 144 with respect to this sale, is entitled to sell within any three-month period commencing 90 days after the date of this prospectus a number of shares of common stock that does not exceed the greater of:

- 1% of the then outstanding shares of our common stock, or approximately shares immediately after this offering; or

Ø the average weekly trading volume during the four calendar weeks preceding the date of which notice of the sale is filed on Form 144.

Sales under Rule 144 are also subject to restrictions relating to manner of sale and the availability of current public information about us.

Rule 144(k)

A person who is not deemed to have been our affiliate at any time during the 90 days immediately preceding a sale and who has beneficially owned his or her shares for at least two years, including the holding period of any prior owner who is not an affiliate, is entitled to sell these shares of common stock pursuant to Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information or notice requirements of Rule 144. Affiliates must always sell pursuant to Rule 144, even after the applicable holding periods have been satisfied.

Rule 701

Rule 701 may be relied upon with respect to the resale of securities originally purchased from us by our employees, directors, officers, consultants or advisers prior to the closing of this offering and pursuant to written compensatory benefit plans or written contracts relating to the compensation of these persons. In addition, the SEC has indicated that Rule 701 will apply to stock options granted by us before this offering, along with the shares acquired upon exercise of these options. Securities issued in reliance on Rule 701 are deemed to be restricted shares and, beginning 90 days after the date of this prospectus, may be sold by persons other than affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates under Rule 144 without compliance with the holding period requirements. As of March 31, 2004, of our outstanding shares of common stock had been issued in reliance on Rule 701 as a result of exercise of stock options.

EQUITY COMPENSATION

We intend to file a registration statement on Form S-8 under the Securities Act, covering approximately shares of common stock reserved for issuance under our equity incentive plans. This Form S-8 registration statement is expected to be filed soon after the effectiveness of the registration statement of which this prospectus forms a part, and the Form S-8 will automatically become effective upon filing. Accordingly, shares registered under this registration statement will, subject to Rule 144 provisions applicable to affiliates, be available for sale in the open market, unless these shares are subject to vesting restrictions with us or are otherwise subject to the contractual restrictions described above. As soon as practicable following the filing of the Form S-8 registration statement relating to our Omnibus Plan, we intend to grant shares of restricted common stock to certain of our employees and options exercisable for shares of our common stock, with a per share exercise price equal to the public offering price and assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, to each of our independent directors.

REGISTRATION RIGHTS

Pursuant to a restricted shares award agreement, Mr. Holdren has been granted certain piggyback registration rights with respect to the shares of our common stock that he purchased under the agreement. For further information regarding these registration rights, see the section of this prospectus entitled “Management—Holdren senior management agreement.”

Prior to the consummation of this offering, we and HCG Holdings LLC will enter into an agreement pursuant to which we will provide HCG Holdings LLC certain demand, piggyback and shelf registration rights with respect to the shares of our common stock (shares if the underwriters over-allotment option is exercised in full) held by it immediately following the consummation of this offering.

Material U.S. federal tax considerations for non-U.S. holders of our common stock

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a "Non-U.S. Holder." For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of our stock who is treated for the relevant U.S. federal tax purposes as a non-resident alien individual, or a foreign partnership, foreign corporation, foreign estate, or foreign trust. Because U.S. federal tax law uses different tests in determining whether an individual is a non-resident alien for income and estate tax purposes, some individuals may be "Non-U.S. Holders" for purposes of the U.S. federal income tax discussion below, but not for purposes of the U.S. federal estate tax discussion, and *vice versa*.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, and administrative regulations and interpretations in effect as of the date of this prospectus, all of which are subject to change, possibly with retroactive effect. This discussion assumes that a Non-U.S. Holder holds our common stock as a capital asset as determined for U.S. federal income tax purposes (generally, property held for investment). This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances, including, without limitation, Non-U.S. Holders that are controlled foreign corporations, passive foreign investment companies, pass-through entities, or U.S. expatriates; Non-U.S. Holders that hold their common stock through pass-through entities; and Non-U.S. Holders who own, directly, indirectly or constructively, more than 5% of our common stock. This discussion also does not address any tax consequences arising under the laws of any U.S. state or local, or non-U.S. jurisdiction.

You should consult your own tax advisor regarding the U.S. federal income and estate tax consequences of holding and disposing of our common stock in light of your particular situation, as well as any consequences under state, local or non-U.S. law.

DIVIDENDS

Distributions on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. In general, we will be required to withhold U.S. federal income tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, on dividends paid to a Non-U.S. Holder. To obtain a reduced rate of withholding under a treaty, you must provide us with appropriate documentation (typically, a properly-executed IRS Form W-8BEN certifying your entitlement to benefits under the treaty). You will not be required to furnish a U.S. taxpayer identification number in order to claim treaty benefits with respect to our dividends if our common stock is traded on an "established financial market" for U.S. federal income tax purposes. Treasury Regulations provide special rules to determine whether, for purposes of determining the applicability of an income tax treaty, dividends paid to a Non-U.S. Holder that is an entity should be treated as paid to the entity or to those holding an interest in that entity.

We generally will not be required to withhold U.S. federal income tax from dividends that are effectively connected with your conduct of a trade or business within the United States, so long as you provide us with appropriate documentation (typically, a properly executed IRS Form W-8ECI, stating that the dividends are so effectively connected). Instead, such dividends will be subject to U.S. federal income tax on a net income basis, generally in the same manner as if you were a resident of the United States. If you

are a foreign corporation, your effectively-connected dividends may also be subject to an additional "branch profits tax," which is imposed under certain circumstances at a rate of 30% (or such lower rate as may be specified by an applicable treaty), subject to certain adjustments and exceptions.

GAIN ON SALE OR DISPOSITION OF COMMON STOCK

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on a sale or other disposition of our common stock. However, you will be taxed on such gain if (i) the gain is effectively connected with a trade or business that you conduct in the United States (in the event that certain tax treaty provisions apply, the gain must also be attributable to a permanent establishment in the United States (or, in the case of an individual, a fixed place of business) in order to be subject to tax), (ii) you are a non-resident alien individual, you are present in the United States for 183 or more days in the taxable year of the sale or disposition and certain other conditions are met, or (iii) our stock is treated as a United States real property interest in your hands, within the meaning of Section 897(c) of the Code.

Subject to the exception noted below, our stock will generally be treated as a U.S. real property interest if we are or have been a "United States real property holding corporation" within the meaning of Section 897(c) at any time that you held the stock within five years before the sale or disposition. We believe that we are not, and we do not anticipate becoming, a United States real property holding corporation. Moreover, even if we are treated as a United States real property holding corporation, so long as our common stock is "regularly traded on an established securities market" for U.S. federal income tax purposes, our common stock will not be treated as a U.S. real property interest in the hands of a Non-U.S. Holder who has owned no more than 5% of the common stock (assuming for this purpose that any options or shares of convertible preferred stock that you own have been exercised or converted and applying certain constructive ownership rules to determine your ownership) during the five years preceding a sale or disposition. If we are treated as a U.S. real property holding corporation and our common stock is not regularly traded on an established securities market, 10% of the amount realized by a Non-U.S. Holder on a sale or disposition of our common stock must be withheld by the purchaser and remitted to the U.S. Internal Revenue Service. The amount withheld may be applied to the Non-U.S. Holder's U.S. federal income tax liability or, if in excess thereof, refunded provided that the required information is timely furnished to the U.S. Internal Revenue Service.

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

Generally, we must report to the U.S. Internal Revenue Service the amount of dividends we pay to you, your name and address, and the amount of any tax withheld. A similar report will be sent to you. Pursuant to tax treaties or other information-sharing agreements, the U.S. Internal Revenue Service may make its reports available to tax authorities in your country of residence.

We generally will not be required to apply backup withholding to dividends that we pay to you if you have provided an appropriate certification of your U.S. federal taxpayer identification number, or of the fact that you are not a U.S. person, unless we or our paying agent otherwise have actual knowledge that you are a U.S. person. Generally, you will provide such certification on an IRS Form W-8BEN.

Under current U.S. federal income tax law, information reporting and backup withholding imposed at a rate of 28% (increasing to 31% in 2011) will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of a broker unless the disposing holder certifies as to its non-U.S. status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding will not apply to a payment of disposition proceeds where the transaction is effected outside

the United States through a non-U.S. office of a non-U.S. broker. U.S. federal information reporting requirements (but not backup withholding) generally will also apply to a payment of disposition proceeds by foreign offices of U.S. brokers or foreign brokers with certain types of relationships to the United States unless the Non-U.S. Holder establishes an exemption.

Backup withholding is not an additional tax. Rather, the amount of tax withheld will be treated as a payment against your actual U.S. federal income tax liability (if any), and if the withholding results in an overpayment of tax, a refund may be obtained, provided that the required information is timely furnished to the U.S. Internal Revenue Service.

Non-U.S. Holders should consult their own tax advisors regarding the application of information reporting and backup withholding to them, including the availability of and procedure for obtaining an exemption from backup withholding.

FEDERAL ESTATE TAX

An individual Non-U.S. Holder who at the time of his death is treated as the owner of an interest in our common stock will be required to include the value thereof in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise. Legislation enacted in the spring of 2001 provides for reductions in the U.S. federal estate tax through 2009 and the elimination of the estate tax entirely in 2010. Under this legislation, the U.S. federal estate tax would be fully reinstated, as in effect prior to the reductions, in 2011. On June 18, 2003, the U.S. House of Representatives passed a bill that would permanently extend the estate tax repeal after it expires in 2010 under the 2001 legislation. No assurance can be given that the bill passed by the U.S. House of Representatives will be in enacted in its present form or at all.

Underwriting

We and the selling stockholder are offering the shares of our common stock described in this prospectus through the underwriters named below. UBS Securities LLC and Deutsche Bank Securities Inc. are acting as joint book-running managers and together with William Blair & Company, L.L.C. are the representatives of the underwriters. We and the selling stockholder have entered into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of shares of common stock listed next to its name in the following table:

Underwriters	Number of shares
UBS Securities LLC	
Deutsche Bank Securities Inc.	
William Blair & Company, L.L.C.	
Total	

The underwriting agreement provides that the underwriters must buy all of the shares if they buy any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

Our common stock and the common stock of the selling stockholder is offered subject to a number of conditions, including:

- receipt and acceptance of our common stock by the underwriters; and
- the underwriters' right to reject orders in whole or in part.

We have been advised by the representatives that the underwriters intend to make a market in our common stock, but that they are not obligated to do so and may discontinue making a market at any time without notice.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

OVER-ALLOTMENT OPTION

The selling stockholder has granted the underwriters an option to buy up to additional shares of our common stock. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, they will each purchase additional shares approximately in proportion to the amounts specified in the table above.

COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the public offering price. If all the shares are not sold at the public

offering price, the representatives may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein, and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms. The underwriters have informed us that they do not expect discretionary sales to exceed 5% of the shares of common stock to be offered**.**

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares.

	Paid by us		Paid by selling stockholder		Total	
	No exercise	Full exercise	No exercise	Full exercise	No exercise	Full exercise
Per Share	$	$	$	$	$	$
Total	$	$	$	$	$	$

We estimate that the total expenses of this offering payable by us, not including the underwriting discounts and commissions, will be approximately $. This amount includes expenses, other than underwriting discounts and commissions, incurred by the selling stockholder in connection with this offering, which we have agreed to pay.

NO SALES OF SIMILAR SECURITIES

We, each member of our board, each of our director nominees, each of our executive officers and managing directors and the selling stockholder have entered into lock-up agreements with the underwriters. Under these agreements, we and each of these persons may not, without the prior written approval of UBS Securities LLC and Deutsche Bank Securities Inc., subject to certain permitted exceptions specified in the agreements, sell, offer to sell, contract or agree to sell, hypothecate, pledge, hedge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, our common stock or securities convertible into or exchangeable for our common stock. These restrictions will be in effect for a period of 180 days after the date of this prospectus. The 180-day lock-up period may be extended under certain circumstances where we announce or pre-announce earnings or material news or a material event occurs within approximately 18 days before, or approximately 16 days after, the termination of the 180-day period. In certain circumstances, however, the lock-up period will not be extended if we are actively traded, meaning that we have a public float of at least $150.0 million and average trading volume of at least $1.0 million per day. At any time and without public notice, UBS Securities LLC and Deutsche Bank Securities Inc. may, in their sole discretion, release all or some of the securities from these lock-up agreements.

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we have agreed to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We intend to apply for the quotation of our common stock on the NASDAQ National Market under the symbol "HURN."

PRICE STABILIZATION, SHORT POSITIONS

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock including:

- stabilizing transactions;
- short sales;

- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position by either exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

Naked short sales are in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the NASDAQ National Market, in the over-the-counter market or otherwise.

DETERMINATION OF OFFERING PRICE

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiation by us and the representatives of the underwriters. The principal factors to be considered in determining the initial public offering price include:

- the information set forth in this prospectus;
- our history and prospects, and the history and prospects of the industry in which we compete;
- our past and present financial performance and an assessment of our management;
- our prospects for future earnings and the present state of our development;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, public traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

DIRECTED SHARE PROGRAM

At our request, certain of the underwriters have reserved up to 5% of the common stock being offered by this prospectus for sale to our board members, officers, employees, strategic partners and other individuals associated with us and members of their families at the initial offering price. The sales will be made by an affiliate of UBS Securities LLC through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. These persons must commit to purchase no later than the open of business on the day following the date of this prospectus. Certain persons purchasing such reserved shares will be prohibited from disposing of or hedging such shares for a period of at least 180 days after the date of this prospectus.

AFFILIATIONS

The underwriters and their affiliates may, from time to time, provide certain commercial banking, financial advisory and investment banking services for us for which they will receive customary fees.

SELLING RESTRICTIONS

Each underwriter, severally and not jointly, represents and agrees that:

- it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The securities may not be offered, sold, transferred or delivered in or from The Netherlands, as part of their initial distribution or as part of any re-offering, and neither this prospectus nor any other document in respect of the offering may be distributed or circulated in The Netherlands, other than to individuals or legal entities which include, but are not limited to, banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession.

Legal matters

The validity of the shares of our common stock offered by this prospectus will be passed upon for us and the selling stockholder by Skadden, Arps, Slate, Meagher & Flom LLP, Chicago, Illinois, and for the underwriters by Katten Muchin Zavis Rosenman, Chicago, Illinois. From time to time, Katten Muchin Zavis Rosenman acts as our counsel on various matters unrelated to this offering.

Experts

The consolidated financial statements as of December 31, 2002 and 2003 and for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

Where you can find additional information

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act with respect to the common stock offered in this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement, with each such statement being qualified in all respects by reference to the document to which it refers. Anyone may inspect the registration statement and its exhibits and schedules without charge at the Public Reference Room the SEC maintains at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these reports and other information without charge at a website maintained by the SEC. The address of this site is http://www.sec.gov.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act and will be required to file reports, proxy statements and other information with the SEC. You will be able to inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC as described above or inspect them without charge at the SEC's website.

Index to financial statements

Report of Independent Auditors

To the Board of Directors and Stockholders of
Huron Consulting Group Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' deficit and cash flows present fairly, in all material respects, the financial position of Huron Consulting Group Inc. and its subsidiary at December 31, 2002 and 2003, and the results of their operations and their cash flows for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
March 25, 2004

Huron Consulting Group Inc.

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2003	March 31, 2004	Pro Forma March 31, 2004 (note 2)
			(unaudited)	
Assets				
Current assets:				
Cash and cash equivalents	$ 4,448,806	$ 4,251,097	$ 70,236	$ 70,236
Receivables from clients	6,440,626	16,151,667	16,500,611	16,500,611
Unbilled services	6,505,714	8,704,057	17,575,104	17,575,104
Provision for doubtful accounts and unbilled services	(381,753)	(1,791,720)	(2,570,706)	(2,570,706)
Net receivables from clients and unbilled services	12,564,587	23,064,004	31,505,009	31,505,009
Income tax receivable	—	2,286,015	485,011	485,011
Deferred income taxes	283,754	1,945,932	2,303,630	2,303,630
Other current assets	387,542	836,868	1,226,022	1,226,022
Total current assets	17,684,689	32,383,916	35,589,908	35,589,908
Property and equipment, net	1,898,954	4,498,251	4,427,513	4,427,513
Other assets:				
Deferred income taxes	2,426,570	2,332,543	2,158,650	2,158,650
Intangibles, net of accumulated amortization of $2,635,172, $6,384,415 and $0, at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	3,689,243	—	—	—
Deposits	883,203	674,000	366,000	366,000
Total other assets	6,999,016	3,006,543	2,524,650	2,524,650
Total assets	$ 26,582,659	$ 39,888,710	$ 42,542,071	$ 42,542,071
Liabilities and stockholders' deficit				
Current liabilities:				
Accounts payable	$ 221,759	$ 1,396,265	$ 1,249,585	$ 1,249,585
Accrued expenses	1,334,796	3,821,527	3,196,147	3,196,147
Accrued payroll and related benefits	4,625,401	13,914,391	12,388,137	12,388,137
Borrowings under line of credit	—	—	1,500,000	1,500,000
Deferred revenue	1,379,741	2,272,886	3,983,380	3,983,380
Interest payable to HCG Holdings LLC	342,741	819,624	199,418	199,418
Total current liabilities	7,904,438	22,224,693	22,516,667	22,516,667
Commitments and contingencies				
Notes payable to HCG Holdings LLC	10,075,764	10,075,764	10,075,764	10,075,764
8% preferred stock, $1,000 per share stated value plus accrued 8% annual cumulative dividends; 106,840 shares authorized; 12,500 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited)	13,145,735	14,212,000	14,485,281	14,485,281
Stockholders' deficit:				
Class A common stock; $0.01 par value; 31,025,715 shares authorized; 25,946,858 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	259,469	259,469	259,469	—
Class B common stock; $0.01 par value; 4,578,857 shares authorized; 1,200,000, 1,569,375 and 1,601,875 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	12,000	15,694	16,019	—
Common stock; $0.01 par value 27,548,733 shares outstanding at March 31, 2004 (pro forma – unaudited)	—	—	—	275,488
Additional paid-in capital	—	41,519	55,603	55,603
Stock subscription receivable	(3,000)	—	—	—
Retained deficit	(4,811,747)	(6,940,429)	(4,866,732)	(4,866,732)
Total stockholders' deficit	(4,543,278)	(6,623,747)	(4,535,641)	(4,535,641)
Total liabilities and stockholders' deficit	$ 26,582,659	$ 39,888,710	$ 42,542,071	$ 42,542,071

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31,	
			2003	2004
			(unaudited)	
Revenues and reimbursable expenses:				
Revenues	$ 35,100,712	$ 101,485,674	$ 23,211,757	$ 40,101,455
Reimbursable expenses	2,921,301	8,808,455	2,069,406	3,442,776
Total revenues and reimbursable expenses	38,022,013	110,294,129	25,281,163	43,544,231
Direct costs and reimbursable expenses:				
Direct costs	26,054,642	69,400,274	13,580,371	24,868,410
Reimbursable expenses	2,921,301	8,929,129	2,069,406	3,522,763
Total direct costs and reimbursable expenses	28,975,943	78,329,403	15,649,777	28,391,173
Gross profit	9,046,070	31,964,726	9,631,386	15,153,058
Operating expenses:				
Selling, general and administrative	8,812,781	25,184,911	4,826,369	8,158,092
Depreciation and amortization	3,047,914	5,328,484	1,289,964	603,053
Loss on lease abandonment	—	1,668,000	—	—
Restructuring charge	—	—	—	2,138,827
Management and advisory fees paid to related parties	2,750,000	—	—	—
Organization costs	965,489	—	—	—
Total operating expenses	15,576,184	32,181,395	6,116,333	10,899,972
Operating (loss) income	(6,530,114)	(216,669)	3,515,053	4,253,086
Other expense:				
Interest expense	331,784	856,252	198,414	245,269
Other	1,113	111,513	428	—
Total other expense	332,897	967,765	198,842	245,269
Net (loss) income before (benefit) provision for income taxes	(6,863,011)	(1,184,434)	3,316,211	4,007,817
(Benefit) provision for income taxes	(2,696,999)	(122,017)	1,374,970	1,660,839
Net (loss) income	(4,166,012)	(1,062,417)	1,941,241	2,346,978
Accrued dividends on 8% preferred stock	645,735	1,066,265	253,031	273,281
Net (loss) income attributable to common stockholders	$ (4,811,747)	$ (2,128,682)	$ 1,688,210	$ 2,073,697
Net (loss) income attributable to common stockholders per share:				
Basic	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Weighted average shares used in calculating net (loss) income attributable to common stockholders per share:				
Basic	27,146,858	27,303,203	27,146,858	27,540,425
Diluted	27,146,858	27,303,203	27,146,858	29,318,637
Unaudited pro forma net (loss) income attributable to common stockholders per share: (Note 2)				
Basic		$		$
Diluted		$		$

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	Class A common stock		Class B common stock		Stock subscription receivable	Additional paid-in capital	Retained deficit	Stockholders' deficit
	Shares	Amount	Shares	Amount				
Balance at March 19, 2002 (inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Issuance of Class A common stock	25,946,858	259,469	—	—	—	—	—	259,469
Issuance of Class B common stock	—	—	1,200,000	12,000	—	—	—	12,000
Stock subscription receivable	—	—	—	—	(3,000)	—	—	(3,000)
Accrued dividends on 8% preferred stock	—	—	—	—	—	—	(645,735)	(645,735)
Net loss	—	—	—	—	—	—	(4,166,012)	(4,166,012)
Balance at December 31, 2002	25,946,858	259,469	1,200,000	12,000	(3,000)	—	(4,811,747)	(4,543,278)
Exercise of stock options	—	—	369,375	3,694	—	—	—	3,694
Stock option compensation	—	—	—	—	—	41,519	—	41,519
Stock subscription receivable	—	—	—	—	3,000	—	—	3,000
Accrued dividends on 8% preferred stock	—	—	—	—	—	—	(1,066,265)	(1,066,265)
Net loss	—	—	—	—	—	—	(1,062,417)	(1,062,417)
Balance at December 31, 2003	25,946,858	259,469	1,569,375	15,694	—	41,519	(6,940,429)	(6,623,747)
Exercise of stock options (unaudited)	—	—	32,500	325	—	—	—	325
Stock option compensation (unaudited)	—	—	—	—	—	14,084	—	14,084
Accrued dividends on 8% preferred stock (unaudited)	—	—	—	—	—	—	(273,281)	(273,281)
Net income (unaudited)	—	—	—	—	—	—	2,346,978	2,346,978
Balance at March 31, 2004 (unaudited)	25,946,858	$ 259,469	1,601,875	$ 16,019	$ —	$ 55,603	$ (4,866,732)	$ (4,535,641)

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31, 2003	Three months ended March 31, 2004
			(unaudited)	
Cash flows from operating activities:				
Net (loss) income	$ (4,166,012)	$ (1,062,417)	$ 1,941,241	$ 2,346,978
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities				
Depreciation and amortization	3,047,914	5,328,484	1,289,964	603,053
Loss on long-term deposits	—	111,085	—	—
Deferred income taxes	(2,710,324)	(1,568,151)	(38,451)	(183,805)
Compensation expense related to stock option issuance	—	41,519	—	14,084
Provision for doubtful accounts and unbilled services	381,753	1,409,967	177,304	778,986
Changes in operating assets and liabilities:				
Increase in receivables from clients	(6,440,626)	(9,711,041)	(2,371,734)	(348,944)
Increase in unbilled services	(6,505,714)	(2,198,343)	(4,623,727)	(8,871,047)
(Increase) decrease in income tax receivable	—	(2,286,015)	—	1,801,004
Increase in other current assets	(387,542)	(449,326)	(145,403)	(389,154)
(Increase) decrease in deposits	(883,203)	98,118	32	308,000
Increase (decrease) in accounts payable and accrued expenses	1,556,555	3,661,237	867,833	(772,060)
Increase (decrease) in accrued payroll and related benefits	4,625,401	9,288,990	1,008,578	(1,526,254)
Increase (decrease) in interest payable to HCG Holdings LLC	342,741	476,883	(141,226)	(620,206)
Increase in income taxes payable	—	—	1,411,821	—
Increase in deferred revenue	1,379,741	893,145	1,207,224	1,710,494
Net cash (used in) provided by operating activities	(9,759,316)	4,034,135	583,456	(5,148,871)
Cash flows from investing activities:				
Purchase of property and equipment	(2,311,696)	(4,178,538)	(1,091,150)	(532,315)
Acquisition of intangibles	(6,324,415)	(60,000)	—	—
Net cash used in investing activities	(8,636,111)	(4,238,538)	(1,091,150)	(532,315)
Cash flows from financing activities:				
Proceeds from issuance of Class A common stock	259,469	—	—	—
Proceeds from issuance of Class B common stock	9,000	3,000	—	—
Proceeds from issuance of 8% preferred stock	12,500,000	—	—	—
Proceeds from exercise of stock options	—	3,694	—	325
Proceeds from borrowings under line of credit	—	19,175,000	—	14,000,000
Repayments on line of credit	—	(19,175,000)	—	(12,500,000)
Proceeds from notes issued to HCG Holdings LLC	10,075,764	—	—	—
Net cash provided by financing activities	22,844,233	6,694	—	1,500,325
Net increase (decrease) in cash and cash equivalents	4,448,806	(197,709)	(507,694)	(4,180,861)
Cash and cash equivalents:				
Beginning of the period	—	4,448,806	4,448,806	4,251,097
End of the period	$ 4,448,806	$ 4,251,097	$ 3,941,112	$ 70,236
Noncash transaction:				
Accrued dividends on 8% preferred stock	$ 645,735	$ 1,066,265	$ 253,031	$ 273,281
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ —	$ 416,979	$ 374,512	$ 910,681
Cash paid for taxes	$ —	$ 3,736,471	$ 14,125	$ 43,640

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

Notes to consolidated financial statements

1. Description of business

Huron Consulting Group Inc. (the "Company") was formed on March 19, 2002. The Company's wholly- owned subsidiary, Huron Consulting Group LLC ("Huron LLC"), is an independent provider of financial and operational consulting services, whose clients include Fortune 500 companies, medium-sized and large businesses, leading academic institutions, healthcare organizations and the law firms that represent these various organizations. The Company is a majority owned subsidiary of HCG Holdings LLC.

2. Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements reflect the results of operations and cash flows for the period from March 19, 2002 (inception) to December 31, 2002, the year ended December 31, 2003, and the three months ended March 31, 2003 and 2004.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Huron LLC. All significant intercompany transactions have been eliminated in consolidation.

Interim financial information

The interim consolidated financial statements as of March 31, 2004 and for the three months ended March 31, 2003 and 2004 and the financial data and the other information for these periods disclosed in the notes to the consolidated financial statements are unaudited. In the opinion of management, the interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the interim results. The results of operations for the interim periods are not necessarily indicative of the results to be expected for any future periods.

Unaudited pro forma consolidated balance sheet

The unaudited pro forma consolidated balance sheet as of March 31, 2004 reflects the conversion of all of the outstanding shares of Class A common stock and Class B common stock into shares of common stock, pursuant to the terms of our certificate of incorporation, which will occur immediately prior to the consummation of the Company's proposed initial public offering.

Unaudited pro forma net (loss) income attributable to common stockholders per share

The unaudited pro forma net (loss) income attributable to common stockholders per share and the pro forma weighted average shares outstanding reflect certain events that will occur upon the consummation of the Company's proposed initial public offering of common stock, but do not reflect shares or proceeds from the offering. The pro forma adjustments to net (loss) income attributable to common stockholders include an adjustment of approximately $483,000 and $117,000 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the interest expense, net of tax expense, related to the repayment of the Company's outstanding notes payable to HCG Holdings LLC and an adjustment of approximately $1,066,000 and $273,000 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, to eliminate the accrued dividends on 8% preferred stock associated with the redemption of the Company's outstanding 8% preferred stock. The notes payable to HCG Holdings LLC will be repaid and the 8% preferred stock will be redeemed by the Company with a portion of the net proceeds from the initial public offering. The pro forma weighted average shares outstanding represents an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to shares that would have been issued to repay the notes payable to HCG Holdings LLC and to redeem the 8% preferred stock as if these

transactions occurred at the beginning of each period. The pro forma weighted average shares outstanding also include the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004 as if this transaction also occurred at the beginning of each period.

	Year ended December 31, 2003	Three months ended March 31, 2004
		(unaudited)
Net (loss) income attributable to common stockholders	$ (2,128,682)	$ 2,073,697
Unaudited pro forma adjustment	1,549,210	390,410
Unaudited pro forma net (loss) income attributable to common stockholders	$ (579,472)	$ 2,464,107
Unaudited pro forma net (loss) income attributable to common stockholders per share:		
Basic	$	$
Diluted		
Unaudited pro forma weighted average shares outstanding used in calculating net loss (income) attributable to common shareholders per share:		
Basic		
Diluted		

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Actual results may differ from these estimates.

Revenue recognition

The Company recognizes revenues in accordance with Staff Accounting Bulletin (“SAB”) No. 101, “Revenue Recognition in Financial Statements,” as amended by SAB No. 104, “Revenue Recognition” when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed and determinable and collectibility is reasonably assured. These services are primarily rendered under arrangements that require the client to pay on a time-and-expense basis. Fees are based on the hours incurred at agreed-upon rates and recognized as services are provided. Revenues related to fixed-fee engagements are recognized based on estimates of work completed versus the total services to be provided under the engagement. Losses, if any, on fixed-fee engagements are recognized in the period in which the loss first becomes probable and reasonably estimable. The Company also earns revenues on a performance-based fee basis and recognizes such revenues when all performance criteria are met. Direct costs incurred on engagements, including performance-based fee engagements, are expensed in the period incurred.

Provisions are recorded for the estimated realization adjustments on all engagements, including engagements for which fees are subject to review by the bankruptcy courts. Expense reimbursements that are billable to clients are included in total revenues and reimbursable expenses, and typically an equivalent amount of reimbursable expenses are included in total direct costs and reimbursable expenses. Reimbursable expenses related to time-and-expense and fixed-fee engagements are recognized as revenue in the period in which the expense is incurred. Reimbursable expenses subject to performance-based criteria are recognized as revenue when all performance criteria are met.

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled services or deferred revenue in the accompanying consolidated balance sheets. Revenues recognized for services performed but not yet billed to clients have been recorded as unbilled services. Client

prepayments and retainers are classified as deferred (i.e., unearned) revenue and recognized over future periods as earned in accordance with the applicable engagement agreement.

Direct costs and reimbursable expenses

Direct costs and reimbursable expenses consists primarily of billable employee compensation and their related benefit costs, the cost of outside consultants or subcontractors assigned to revenue generating activities and direct expenses to be reimbursed by clients.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposited in demand deposits at banks and overnight investments.

Earnings per share

The net (loss) income per share calculations for the period from March 19, 2002 (inception) to December 31, 2002, the year ended December 31, 2003 and the three months ended March 31, 2003 and 2004 is presented below:

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31,	
			2003	2004
			(unaudited)	
Basic net (loss) income attributable to common stockholders per share:				
Net (loss) income	$ (4,166,012)	$ (1,062,417)	$ 1,941,241	$ 2,346,978
Dividends accrued on 8% preferred stock	(645,735)	(1,066,265)	(253,031)	(273,281)
Amount allocated to preferred stockholders	—	—	(1,652,326)	(700,366)
Net (loss) income attributable to common stockholders—basic	$ (4,811,747)	$ (2,128,682)	$ 35,884	$ 1,373,331
Weighted average common stock outstanding	27,146,858	27,303,203	27,146,858	27,540,425
Basic net (loss) income attributable to common stockholders per share	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted net (loss) income attributable to common stockholders per share:				
Net (loss) income	$ (4,166,012)	$ (1,062,417)	$ 1,941,241	$ 2,346,978
Dividends accrued on 8% preferred stock	(645,735)	(1,066,265)	(253,031)	(273,281)
Amount allocated to preferred stockholders	—	—	(1,652,326)	(700,366)
Net (loss) income attributable to common stockholders—diluted	$ (4,811,747)	$ (2,128,682)	$ 35,884	$ 1,373,331
Weighted average common stock outstanding	27,146,858	27,303,203	27,146,858	27,540,425
Weighted average common stock equivalents—options	—	—	—	1,778,212
Adjusted weighted average common stock—diluted	27,146,858	27,303,203	27,146,858	29,318,637
Diluted net (loss) income attributable to common stockholders per share	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05

Income, after the deduction for the accrued preferred dividends, has been allocated to the common and preferred stock based on their respective rights to share in dividends. The 8% preferred stock participates in any dividends paid to common stock on an as converted basis using the current period estimated fair market value of a share of common stock. Weighted average common stock equivalents of approximately 1,200,000 for the year ended December 31, 2003 were excluded from the computation of diluted loss per share, as they would have been anti-dilutive. There are no dilutive securities for the period from March 19, 2002 (inception) to December 31, 2002 and the three months ended March 31, 2003 as the estimated fair market value of the common stock was equal to the strike price of options granted.

Concentrations of credit risk

To the extent receivables from customers become delinquent, collection activities commence. No single customer balance is considered large enough to pose a significant credit risk. The provision for doubtful accounts and unbilled services is based upon the expected ability to collect accounts receivable and bill and collect unbilled services. Management does not anticipate incurring losses on accounts receivable in excess of established allowances.

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 revenue 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.

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful life.

Property and equipment, net at December 31, 2002 and December 31, 2003, is composed of the following:

	December 31,		
	2002	2003	Useful life
Computers, related equipment and software	$ 1,751,753	$ 3,943,357	2-3 years
Furniture and fixtures	210,937	1,021,312	5 years
Leasehold improvements	349,006	1,525,339	Shorter of lease term or useful life
	2,311,696	6,490,008	
Total accumulated depreciation and amortization	(412,742)	(1,991,757)	
	$ 1,898,954	$ 4,498,251	

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment of Long-Lived Assets,” which became effective for fiscal years beginning after December 15, 2001. No impairment charges were recorded in 2002 and 2003.

Intangible assets

The Company accounts for intangible assets under SFAS No. 142, “Goodwill and Other Intangible Assets.” This standard requires that certain identifiable intangible assets be amortized over their expected useful lives.

Advertising costs

Advertising costs are expensed as incurred. Advertising expenses for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003, totaled $143,813 and $300,849, respectively.

Income taxes

Current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Comprehensive income

Comprehensive income consists solely of net income (loss). There are no other changes in stockholders' deficit except those resulting from investments by owners.

Stock-based compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and elects the disclosure option of SFAS No. 123, "Accounting for Stock-Based Compensation" as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." SFAS No. 123 requires that companies either recognize compensation expense for grants of stock, stock options and other equity instruments based on fair value, or provide pro forma disclosure of net income and earnings per share in the notes to the financial statements. Accordingly, the Company has measured compensation expense for stock options as the excess, if any, of the estimated fair market value of stock, based upon the results of an independent appraisal, at the date of grant over the exercise price.

The following table details the effect on net (loss) income attributable to common stockholders and net (loss) income attributable to common stockholders per share if compensation expense for the stock plans had been recorded based on the fair value method under SFAS 123, "Accounting for Stock Based Compensation."

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31,	
			2003	2004
			(unaudited)	
Net (loss) income attributable to common stockholders	$ (4,811,747)	$ (2,128,682)	$ 1,688,210	$ 2,073,697
Add: Total stock-based employee compensation expense included in reported net (loss) income, net of related tax effects	—	24,911	—	8,450
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(224)	(27,775)	(381)	(21,699)
Pro forma net (loss) income attributable to common stockholders	$ (4,811,971)	$ (2,131,546)	$ 1,687,829	$ 2,060,448
Earnings per share:				
Basic—as reported	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Basic—pro forma	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted—as reported	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05
Diluted—pro forma	$ (0.18)	$ (0.08)	$ 0.01	$ 0.05

Segment reporting

SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information,” establishes annual and interim reporting standards for an enterprises business segments and related disclosures about its products, services, geographic areas and major customers. The Company provides services through two segments: Financial Consulting and Operational Consulting. The Financial Consulting segment provides services that help clients effectively address complex challenges that arise from litigation, disputes, investigations, regulation, financial distress and other sources of significant conflict or change. The Operational Consulting segment provides services that help clients improve the overall efficiency and effectiveness of their operations by enhancing revenue, reducing costs managing regulatory compliance and maximizing procurement efficiency.

New accounting pronouncements

In May 2003, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires the issuer to classify a financial instrument that is within the scope of the standard as a liability if the financial instrument embodies an obligation of the issuer. The adoption of the provisions of SFAS No. 150 did not have any impact on the Company’s financial position or results of operations.

In January 2003, the FASB issued Interpretation No. 46, “Consolidation of Variable Interest Entities and Interpretation of ARB No. 51,” which is effective immediately for all variable interest entities created after January 31, 2003 and for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company does not have variable interest entities that fall within the scope of this pronouncement and therefore the adoption of this pronouncement did not have any impact on its financial statements.

In March 2004, the FASB issued an Exposure Draft on “Share-Based Payment, an amendment of FASB Statements No. 123 and 95.” In this proposed Statement, the FASB believes that employee services received in exchange for equity instruments give rise to recognizable compensation cost as the services are used in the issuing entity’s operations. In addition, the proposed statement would require that public companies measure the compensation cost related to employee services received in exchange for equity instruments issued based on the grant-date fair value of those instruments. This proposed statement would neither change the accounting in FASB Statement No. 123, “Accounting for Stock-Based Compensation,” for transactions in which an enterprise exchanges its equity instruments for services of parties other than employees nor change the accounting for stock ownership plans, which are subject to American Institute of Certified Public Accountants Statement of Position 93-6, “Employer’s Accounting for Employee Stock Ownership Plans.” The FASB intends to reconsider the accounting for those transactions and plans in a later phase of its project on equity-based compensation. The FASB will also consider other items such as streamlining volatility assumptions and addressing the fair value measurement models. The Company’s management will continue to assess the potential impact this statement will have on the Company.

3. Intangible assets

During 2002, the Company obtained a release of certain employees from non-competition agreements with Arthur Andersen LLP, their former employer, in exchange for a payment of $5,502,500 and the assumption of certain related liabilities in the amount of $821,915. The Company estimates that the value received as a result of the employees’ release from these agreements has a useful life of eighteen months, the length of the restrictive covenants in the agreements with Arthur Andersen LLP.

Aggregate amortization expense for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 was $2,635,172 and $3,749,243, respectively. The remaining net book value of the intangible asset was fully amortized during the year ended December 31, 2003.

4. Employee benefit plan

The Company sponsors a qualified defined contribution 401(k) plan covering substantially all of its employees. Under the plan, employees are entitled to make both pre-tax and after-tax contributions. The Company matches an amount equal to the employees' contributions up to 6% of the employees' salaries. The Company's matching contributions for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 were $887,466 and $2,330,542, respectively.

5. Related party transactions

On April 23, 2002, HCG Holdings LLC, on behalf of the Company, entered into an agreement with Lake Capital Management LLC, a related party, under which Lake Capital Management LLC agreed to provide certain management services to the Company in exchange for a $1,500,000 payment. The Company paid an additional $1,000,000 fee upon termination of the agreement in July 2002. Lake Capital Management LLC is an interest holder of HCG Holdings LLC.

In connection with an Advisory Services Agreement, dated April 23, 2002, between HCG Holdings LLC, on behalf of the Company, and PPM America Private Equity Fund, L.P., or PPM LP, a member of HCG Holdings LLC, the Company paid PPM LP $250,000 for certain advisory services. The advisory services agreement was terminated in July 2002.

6. Income taxes

The income tax benefit for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 consists of the following:

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003
Current:		
Federal	$ —	$ 1,139,525
State	13,325	306,609
	13,325	1,446,134
Deferred:		
Federal	(2,170,956)	(1,256,082)
State	(539,368)	(312,069)
	(2,710,324)	(1,568,151)
Total benefit	$ (2,696,999)	$ (122,017)

Notes to consolidated financial statements

Reconciliation of the U.S. statutory income tax rate to the effective tax rate is as follows. The 2003 tax rate effects are due to the relative low amount of pretax loss in 2003.

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003
Percent of pretax income:		
At U.S. statutory tax rate—expense (benefit)	(35.0)%	(35.0)%
State income taxes	(5.1)%	(5.2)%
Meals and entertainment	0.8%	17.9%
Other non deductible items	—	12.0%
Effective tax benefit rates	(39.3)%	(10.3)%

Other non deductible items include taxes not deductible for Federal income tax purposes.

Deferred tax assets at December 31, 2002 and 2003 consist of the following:

	December 31, 2002	December 31, 2003
Net operating loss carryforward	$ 1,369,293	$ 407,903
Amortization of intangibles	947,013	2,282,498
Provision for doubtful accounts and unbilled services	153,465	720,271
Accrued liabilities	130,289	1,143,965
Property, plant and equipment	—	(300,869)
Prepaid expenses	—	(132,194)
Other	110,264	156,901
Deferred income tax assets	$ 2,710,324	$ 4,278,475

At December 31, 2003, the Company had a net operating loss carryforward for U.S. federal income tax purposes of approximately $1.1 million that begins to expire in 2023. The income tax loss carryforward may be subject to certain limitations based upon changes in ownership that could impair the ability to utilize the benefits of this loss in the future. Although realization of the net deferred tax asset is not assured, management believes, based upon current estimates, that it is more likely than not that all of the net deferred tax assets will be realized. Accordingly, a valuation allowance has not been recorded as of December 31, 2002 or 2003.

7. Notes payable to HCG Holdings LLC

At various times during 2002, the Company entered into promissory note agreements with HCG Holdings LLC. The total principal amount borrowed under the promissory note agreements as of December 31, 2002 and 2003 is $10,075,764. Interest accrues daily on the promissory notes at a rate of 8% per year and aggregated $342,741 and $819,624 at December 31, 2002 and 2003. Interest is payable annually beginning on January 2, 2003. The notes mature five years and six months from the date of issuance as follows:

2007	$ 100,502
2008	9,975,262
	$ 10,075,764

The Company may prepay the principal at any time without penalty. Prepayment of the notes is mandatory upon a fundamental change, change of control or qualified public offering, as defined in the promissory note agreements.

8. Line of credit and guarantee

Huron LLC has a committed borrowing facility amounting to the lesser of $5.0 million or 75% of eligible accounts receivable that was unused as of December 31, 2003, the term expiring on January 31, 2004. Before expiring, the borrowing facility was amended to extend the term to February 10, 2005 and increase the total availability to the lesser of $15.0 million or 75% of eligible accounts receivable and 30% of unbilled services, the latter not to exceed $3.0 million. Borrowings under the new credit agreement will bear interest at either the prime rate or LIBOR, rounded up to the nearest whole percentage, plus 2.75%. Borrowings are secured by substantially all of Huron LLC's assets. At December 31, 2003, Huron LLC was in compliance with or obtained waivers for its debt covenants.

Guarantees in the form of letters of credit of $1.0 million were outstanding at December 31, 2003 to support certain office lease obligations.

9. Capital structure

The Company's capital structure consists of 8% Preferred Stock, Preferred Stock and Class A and Class B Common Stock.

8% preferred stock

The 8% preferred stock has a stated value of $1,000 per share and accrues dividends on a daily basis, compounded annually, at the rate of 8% per annum on the stated value. In the event of a liquidation, dissolution or winding up of the Company, the holders of the 8% preferred stock will be entitled to be paid an amount equal to the stated value plus all cumulative accrued and unpaid dividends (the "Liquidation Preference") before any distributions are made with respect to Preferred Stock or Class A and Class B Common Stock. Remaining assets for distribution will be distributed on a share for share basis, to the holders of the Class A and Class B Common Stock and the holders of the 8% preferred stock. The Liquidation Preference and the pro rata portion of the 8% preferred stock's liquidation participation amount are collectively referred to as the "Liquidation Amount."

At any time after April 23, 2008, holders of the 8% preferred stock may require the Company to redeem all or a portion of their stock at the Liquidation Amount, calculated as if the Company were to be liquidated as of the date of such redemption, provided that during the one-year prior to April 23, 2009, the Company is not required to redeem more than 50% of the 8% preferred stock from any holder. At any time, the Company may redeem the 8% preferred stock at the Liquidation Amount, calculated as if the Company were to be liquidated as of the date of such redemption.

In the event of a qualified public offering, holders of the 8% preferred stock have the right to either (i) convert each share of 8% preferred stock into Class A Common Stock, based on the Liquidation Amount less accrued but unpaid dividends, as well as receive payment of the accrued but unpaid dividends; (ii) convert each share of 8% preferred stock into Class A Common Stock, based on the Liquidation Amount; or (iii) continue to hold all of the 8% preferred stock. The conversion rate is based on the Liquidation Amount (less accrued and unpaid dividends, if applicable) divided by the mid-range offering price of a share of common stock to be sold to the public in a qualified public offering.

Preferred stock

The Company is expressly authorized to provide for the issuance of all or any of the 200,000 authorized Preferred Stock in one or more classes or series, and to fix for each such class or series such voting

powers and such distinctive designations or other special rights and restrictions as shall be stated and expressed in the resolutions adopted by the Company's Board of Directors. As of December 31, 2002 and 2003, no such Preferred Stock have been approved or issued.

Common stock

Subject to the rights of the holders of the 8% preferred stock and any series of Preferred Stock, holders of voting Class A and nonvoting Class B Common Stock shall be entitled to receive dividends declared by the Company's Board of Directors.

Upon a change in control or qualified public offering, all issued and outstanding Class B Common Stock will be converted into Class A Common Stock and the Class B Common Stock will cease to exist.

Under the Huron Consulting Group Inc. 2002 Equity Incentive Plan, an officer of Huron LLC purchased 1,200,000 shares of Class B Common Stock during 2002, which are subject to vesting and forfeiture provisions, at a cost of $0.01 per share. In limited circumstances, the Company has repurchase rights with respect to vested and unvested shares.

10. Equity incentive plan

In 2002, the Huron Consulting Group Inc. 2002 Equity Incentive Plan and the Huron Consulting Group Inc. 2002 Equity Incentive Plan (California) were established pursuant to which up to 4,500,000 Class B non-voting and 250,000 Class A voting shares, respectively, may be granted. In 2003, the Huron Consulting Group Inc. 2003 Equity Incentive Plan was established pursuant to which up to 3,168,000 Class B nonvoting shares may be granted. The equity incentive plans (the "Plans") provide for the issuance of equity options, equity appreciation rights and equity awards to employees, officers, directors, consultants or advisors to the Company.

The equity option activity under the Plans is as follows:

	Common shares	Weighted average exercise price
Balance at March 19, 2002 (inception)	—	$ —
Granted	1,968,500	0.01
Exercised	—	—
Forfeited	(30,000)	0.01
Expired	—	—
Balance at December 31, 2002	1,938,500	0.01
Granted	2,151,000	0.27
Exercised	(369,375)	0.01
Forfeited	(42,000)	0.10
Expired	—	—
Balance at December 31, 2003	3,678,125	$ 0.15
Granted (unaudited)	973,500	0.85
Exercised (unaudited)	(32,500)	0.01
Forfeited (unaudited)	(149,500)	0.09
Expired (unaudited)	—	—
Balance at March 31, 2004 (unaudited)	4,469,625	$ 0.31

Notes to consolidated financial statements

The characteristics of outstanding and of exercisable stock options under the Company's Plans at December 31, 2003 were as follows:

	December 31, 2003			
	Options outstanding		Options exercisable	
Having a Per share exercise price of	Weighted average remaining life	Number of shares	Weighted average remaining life	Number of shares
$0.01	8.6	1,826,625	8.7	107,750
$0.25	9.4	1,072,500	—	—
$0.32	9.4	101,500	—	—
$0.37	9.9	677,500	—	—
Total	9.1	3,678,125	8.7	107,750

As of December 31, 2003, there were exercisable equity options of 107,750, with a weighted average exercise price of $0.01. There were no options exercisable at December 31, 2002. Subject to acceleration under certain conditions, all equity options vest and become fully exercisable after 4 years from the date of grant so long as the employee remains employed by the Company. All options expire ten years after the grant date.

The fair value of each equity option is estimated (on the date of grant) based on the Black-Scholes option pricing model with the following weighted-average assumptions used for grants for the years ended December 31, 2002 and 2003:

	December 31,	
	2002	2003
Dividend yield	None	None
Risk-free interest rate	3.3%	2.3%
Expected option life (in years)	5	4

See Note 2 for compensation expense for the Plan using the fair value-based method, consistent with SFAS No. 123.

11. Commitments and contingencies

Litigation

From time to time, the Company is involved in various legal matters arising out of the ordinary course of business. Although the outcome of these matters cannot presently be determined, in the opinion of management, disposition of these matters will not have a material adverse effect on the financial position or results of operations of the Company.

Lease commitments

The Company has various lease agreements, principally for office space, with various renewal options. Rental expense, including operating costs and taxes, for the period from March 19, 2002 (inception) to December 31, 2002 and the year ended December 31, 2003 was $1,152,595 and $2,993,462, respectively. Future minimum rental commitments under non-cancelable operating leases as of December 31, 2003, are as follows:

2004	$ 3,322,034
2005	3,962,048
2006	3,618,413
2007	3,586,258
2008	3,233,891
Total minimum lease commitments	$ 17,722,644

12. Segment information

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, all 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.

Notes to consolidated financial statements

The following table presents information about reported segments along with the items necessary to reconcile the segment information to the totals reported in the accompanying consolidated financial statements:

	Period from March 19, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Three months ended March 31, 2003	Three months ended March 31, 2004
			(unaudited)	
Financial Consulting:				
Revenues	$ 22,399,602	$ 69,941,301	$ 17,217,073	$ 24,718,194
Segment operating income	3,911,894	22,011,032	7,591,795	8,469,927
Segment operating income as a percent of segment revenues	17.5%	31.5%	44.1%	34.3%
Operational Consulting:				
Revenues	$ 12,701,110	$ 31,544,373	$ 5,994,684	$ 15,383,261
Segment operating income	3,527,188	5,383,260	1,336,258	5,114,233
Segment operating income as a percent of segment revenues	27.8%	17.1%	22.3%	33.2%
Total Company:				
Revenues	$ 35,100,712	$ 101,485,674	$ 23,211,757	$ 40,101,455
Reimbursable expenses	2,921,301	8,808,455	2,069,406	3,442,776
Total revenues and reimbursable expenses	$ 38,022,013	$ 110,294,129	$ 25,281,163	$ 43,544,231
Statement of operations reconciliation:				
Segment operating income	$ 7,439,082	$ 27,394,292	$ 8,928,053	$ 13,584,160
Charges not allocated at the segment level:				
Other selling, general and administrative expenses	7,205,793	20,614,477	4,123,036	6,589,194
Depreciation and amortization expense	3,047,914	5,328,484	1,289,964	603,053
Loss on lease abandonment	—	1,668,000	—	—
Restructuring charge	—	—	—	2,138,827
Management and advisory fees paid to related parties and organization costs	3,715,489	—	—	—
Interest expense	331,784	856,252	198,414	245,269
Other expense	1,113	111,513	428	—
Net (loss) income before (benefit) provision for income taxes	$ (6,863,011)	$ (1,184,434)	$ 3,316,211	$ 4,007,817

	December 31, 2002	December 31, 2003	March 31, 2004
			(unaudited)
Segment assets:			
Financial Consulting	$ 8,727,367	$ 15,960,872	$ 20,201,227
Operational Consulting	3,837,219	7,103,108	11,303,782
Unallocated assets	14,018,073	16,824,730	11,037,062
Total assets	$ 26,582,659	$ 39,888,710	$ 42,542,071

All long-lived assets are in the United States. During 2002 and 2003, no customer in either segment accounted for 10% or more of total revenues of the Company.

Notes to consolidated financial statements

13. Valuation and qualifying accounts

The following summarizes the activity of the provision for doubtful accounts and unbilled services:

	Balance at beginning of period	Additions charged to income	Deductions	Balance at end of period
Period from March 19, 2002 (inception) to December 31, 2002:				
Provision for doubtful accounts and unbilled services	$ —	841,104	459,351	$ 381,753
Year Ended December 31, 2003:				
Provision for doubtful accounts and unbilled services	$ 381,753	5,334,767	3,924,800	$ 1,791,720

14. Subsequent events (unaudited)

Restructuring charge

In March 2004, the Company incurred a $2.1 million pre-tax restructuring charge associated with the closing of two offices. The charge included an accrual of approximately $2.0 million for severance payments, all of which was paid in April 2004 and approximately $0.1 million for office lease payments. The terms of the related office leases expire in August 2004.

Dividend

On May 12, 2004, the Company declared a special dividend on each outstanding share of Class A and Class B Common Stock and 8% preferred stock payable to holders of record on May 25, 2004. The 8% preferred stock participates on an as converted basis. The aggregate amount of the dividend will be $1.25 million.

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Huron Consulting Group Inc.

Part II

Information not required in prospectus

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts, other than the SEC registration fee and the NASD filing fee, are estimates.

SEC registration fee	$ 12,670
NASD Filing fee	10,500
NASDAQ National Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous fees and expenses	*
Total	$ *

* *To be completed by amendment.*

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 102 of the General Corporation Law of the State of Delaware (the "DGCL") allows a corporation to eliminate the personal liability of directors to a corporation or its stockholders for monetary damages for a breach of a fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL empowers a Delaware corporation to 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 such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include 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, provided that 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. A Delaware corporation may indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of a corporation under the same conditions against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense and settlement of such action or suit, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a present or former director or officer of the corporation is successful on the merits or otherwise in the defense of any

action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys' fees) which he or she actually and reasonably incurred in connection therewith.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered into the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

The Registrant's Certificate of Incorporation contains provisions that provide for indemnification of officers and directors and their heirs and representatives to the full extent permitted by, and in the manner permissible under, the DGCL.

As permitted by Section 102(b)(7) of the DGCL, the Registrant's Certificate of Incorporation contains a provision eliminating the personal liability of a director to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, subject to some exceptions.

The Registrant maintains, at its expense, a policy of insurance which insures its directors and officers, subject to exclusions and deductions as are usual in these kinds of insurance policies, against specified liabilities which may be incurred in those capacities.

The Underwriting Agreement, contained in Exhibit 1.1 hereto, contains provisions indemnifying our officers and directors against some types of liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Between April and June 2002, in connection with our initial capitalization, we issued to HCG Holdings LLC an aggregate of 12,500 shares of our 8% preferred stock for an aggregate consideration of $12.5 million and an aggregate of approximately 25.9 million shares of our common stock at a purchase price of $0.01 per share for an aggregate consideration of approximately $0.3 million.

In December 2002, the Registrant issued a total of 1,200,000 shares of Class B common stock to Gary E. Holdren, the Registrant's Chief Executive Officer, for aggregate consideration of $12,000.

Since inception, the Registrant has issued to officers, employees and third-party consultants options to purchase 4,838,000 shares of Class B common stock with per share exercise prices ranging from $.01 to $.85, and has issued 409,375 shares of Class B common stock upon exercise of such options for an aggregate exercise price of $4,094.

Since inception, the Registrant has issued to officers, directors, employees and third-party consultants options to purchase 255,000 shares of Class A common stock with per share exercises prices ranging from $.01 to $.85.

The issuances of securities describe in this Item 15 were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) or Rule 701 of the Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. The sale of these securities were made without general solicitation or advertising.

Part II

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

a) The following documents are exhibits to the Registration Statement.

Exhibit number	Description of exhibit
1.1*	Form of Underwriting Agreement.
3.1*	Third Amended and Restated Certificate of Incorporation of Huron Consulting Group Inc.
3.2*	Second Amended and Restated Bylaws of Huron Consulting Group Inc.
4.1*	Form of Specimen Stock Certificate
5.1*	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Huron Consulting Group Inc.
10.1	Office Lease, dated December 2003, between Union Tower, LLC and Huron Consulting Group LLC.
10.2*	Senior Management Agreement, effective as of May 13, 2002, between Huron Consulting Group LLC and Gary E. Holdren.
10.3*	First Amendment to Senior Management Agreement, effective as of January 1, 2004, between Huron Consulting Group LLC and Gary E. Holdren.
10.4*	Restricted Shares Award Agreement, dated December 10, 2002, between Huron Consulting Group Inc., Huron Consulting Group LLC, HCG Holdings LLC and Gary E. Holdren.
10.5*	Restricted Shares Award Agreement, dated December 31, 2002, between Huron Consulting Group Inc. and Gary E. Holdren.
10.6*	Senior Management Agreement, effective as of August 12, 2002, between Huron Consulting Group LLC and George E. Massaro.
10.7*	Senior Management Agreement, effective as of May 15, 2002, between Huron Consulting Group LLC and Daniel Broadhurst.
10.8*	Senior Management Agreement, effective as of May 1, 2002, between Huron Consulting Group LLC and Mary Sawall.
10.9*	Huron Consulting Group Inc. 2002 Equity Incentive Plan and form of options agreement thereunder.
10.10*	Amendment No. 1 to Huron Consulting Group Inc. 2002 Equity Incentive Plan.
10.11*	Amended and Restated Huron Consulting Group Inc. 2002 Equity Incentive Plan (California) and form of options agreement thereunder.
10.12*	Huron Consulting Group Inc. 2003 Equity Incentive Plan and form of options agreement thereunder.
10.13*	Huron Consulting Group Inc. 2004 Omnibus Stock Plan and form of option and restricted stock agreement thereunder.
10.14*	Second Amended and Restated Secured Revolving Line of Credit Note, dated February 11, 2004, between Huron Consulting Group LLC and LaSalle Bank, N.A.
10.15*	Loan and Security Agreement, dated January 31, 2003, between Huron Consulting Group LLC and LaSalle Bank, N.A., including amendments thereto, dated as of January 28, 2004, February 11, 2004 and May 7, 2004.
21.1*	List of Subsidiaries of Huron Consulting Group Inc.

Part II

Exhibit number	Description of exhibit
23.1	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).
99.1	Consent of Director Nominee (Deborah A. Bricker)
99.2	Consent of Director Nominee (James D. Edwards)
99.3	Consent of Director Nominee (John McCartney)

* *To be filed by amendment.*

b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth in the schedules is not applicable or is shown in the consolidated financial statements or notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Part II

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on May 12, 2004.

HURON CONSULTING GROUP INC.

By: /s/ Gary E. Holdren

Name: Gary E. Holdren
Title: President and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned directors and officers of Huron Consulting Group Inc., a Delaware corporation, do hereby constitute and appoint Gary L. Burge and Ronald C. Provenzano, and each of them, our true and lawful attorney-in-fact and agent, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorney and agent may deem necessary or advisable to enable said Registrant to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with the registration statements, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462 under the Securities Act of 1933, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereof; and we do hereby ratify and confirm all that said attorneys and agents shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated below on May 12, 2004.

Signature	Title
/s/ Gary E. Holdren Gary E. Holdren	President, Chief Executive Officer and Director (principal executive officer)
/s/ George E. Massaro George E. Massaro	Chief Operating Officer and Director
/s/ Gary L. Burge Gary L. Burge	Chief Financial Officer (principal financial and accounting officer)

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Exhibit index

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99.2	Consent of Director Nominee (James D. Edwards)
99.3	Consent of Director Nominee (John McCartney)

* *To be filed by amendment.*

UNION TOWER

OFFICE LEASE

BETWEEN

UNION TOWER, LLC,
a Delaware limited liability company

LANDLORD

AND

HURON CONSULTING GROUP LLC
a Delaware limited liability company

TENANT

DATED December __, 2003

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OFFICE LEASE

THIS LEASE (the **"Lease"**) made as of the _____ day of December, 2003 (the **"Effective Date"**), between **UNION TOWER, LLC,** a Delaware limited liability company (**"Landlord"**), and **HURON CONSULTING GROUP LLC,** a Delaware limited liability company (**"Tenant"**), whose address is 550 West Van Buren Street, Chicago, Illinois.

WITNESSETH:

ARTICLE 1

PREMISES AND TERM; EFFECT OF SUBLEASE

(A) **Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that certain space (the **"Premises"**) shown on **Exhibit A** hereto and consisting of the entire rentable area on the eighth floor (the **"8th Floor Premises"**), the entire rentable area on the ninth floor (the **"9th Floor Premises"**) the entire rentable area on the sixteenth floor (the **"16th Floor Premises"**) and the entire rentable area on the seventeenth floor (the **"17th Floor Premises"**), in the building known as Union Tower (the **"Building"**), located at 550 West Van Buren Street, Chicago, Illinois (the **"Property,"** as further described in Article 25), subject to the provisions herein contained. Landlord and Tenant agree that for purposes of this Lease, (i) the aggregate rentable area of the 8th Floor Premises, 9th Floor Premises, and 17th Floor Premises is 62,001 square feet, (ii) the rentable area of the 16th Floor Premises is 20,667 square feet, and (iii) the rentable area of the Building is 332,608 square feet.

(B) **Delivery.** Landlord shall deliver the Premises to Tenant no later than two (2) weeks after the Effective Date. If Landlord fails to deliver any portion of the Premises at such time, then the Commencement Date shall be delayed one (1) day for every one (1) day of delay in delivery. Tenant shall have the right to terminate the Lease if such delay in delivery exceeds ninety (90) days in duration, by written notice to Landlord delivered prior to the date on which such delivery occurs.

(C) **Term.** The term of this Lease (the **"Term"**) shall commence on December 31, 2003 (the **"Effective Commencement Date"**). Notwithstanding the Effective Commencement Date, however, the Commencement Date for all other purposes herein with respect to the 8th Floor Premises, 9th Floor Premises, and 17th Floor Premises shall commence on the earlier of (i) May 20, 2004, or (ii) the date Tenant occupies the 17th Floor Premises for the purposes of conducting its business therefrom (the **"Commencement Date"**). The commencement date of this Lease with respect to the 16th Floor Premises shall be the earlier of (i) January 1, 2005 or (ii) the date Tenant occupies the 16th Floor Premises for the purpose of conducting its business therefrom, after waiver of its termination right pursuant to Article 41 herein (the **"16th Floor Commencement Date"**). The Term of this Lease shall end on the date that is ten (10) Lease Years after the Commencement Date (rather than ten (10) years after the Effective Commencement Date) (the **"Expiration Date"**), unless sooner terminated as provided herein. For purposes of this Lease, a Lease Year shall mean the twelve (12) month period commencing on the Commencement Date and each subsequent twelve (12) month period during the Term, provided, however, if the Commencement Date is not the first (1st) day of a month, the first

Lease Year shall be the period commencing on the Commencement Date and ending on the last day of the twelfth (12th) full calendar month following the Commencement Date.

(D) **Effect Of Existing Sublease.** Landlord and Tenant further acknowledge that Tenant has been occupying and shall, until the Commencement Date, continue to occupy and pay rent on the 8th Floor Premises and 9th Floor Premises pursuant to the terms of the following (the **"Sublease Documents"**): (i) that certain Sublease Agreement dated July 16, 2002 between Tenant, as Subtenant, and XOR Inc., as Sublandlord; and (ii) that certain Consent to Sublease dated July 26, 2002, between Tenant and Landlord. Landlord agrees to allow Tenant to occupy the Premises under the Sublease Documents until the Commencement Date and in the event the Sublease Documents terminate prior to the Commencement Date for any reason other than Tenant's default thereunder, Landlord shall recognize Tenant on the same terms as Tenant possesses the Premises under the Sublease Documents until the Commencement Date. The Sublease Documents shall remain in full force and effect until the Commencement Date, and a default by Tenant under any of the Sublease Documents shall be deemed to be a Default under this Lease. Upon the Commencement Date of this Lease, this Lease shall replace and supersede the Sublease Documents and the Sublease Documents shall terminate and be of no further force or effect except as to obligations which arose thereunder prior to the Commencement Date. Any tenant improvements made prior to the Commencement Date and after the Effective Date shall, however, be made in accordance with the Tenant Improvement Workletter attached hereto as **Exhibit E** and incorporated herein by reference.

ARTICLE 2

BASE RENT

Tenant shall pay Landlord Base Rent as set forth in **Exhibit B-1** attached hereto, in monthly installments, in advance on or before the first day of each calendar month during the Term. If the Commencement Date is a day other than the first day of a calendar month, then the Base Rent for such month with respect to the applicable portion of the Premises shall be prorated on the basis of 1/30th of the monthly Base Rent for each day of such month, and, if the Term ends on a day other than the last day of a calendar month, then the Base Rent for such month shall be prorated on the basis of 1/30th of the monthly Base Rent for each day of such month.

ARTICLE 3

ADDITIONAL RENT

(A) **Taxes.** From and after the Commencement Date, Tenant shall pay Landlord an amount equal to Tenant's Prorata Share of Taxes in the manner described below. The terms **"Taxes"** and **"Tenant's Prorata Share"** shall have the meanings specified therefor in Article 25.

(B) **Operating Expenses.** From and after the Commencement Date, Tenant shall pay Landlord an amount equal to Tenant's Prorata Share of Operating Expenses in the manner described below. The term **"Operating Expenses"** shall have the meaning specified therefor in Article 25.

(C) **Manner of Payment.** Taxes and Operating Expenses shall be paid in the following manner:

(i) Landlord shall reasonably estimate in advance the amounts Tenant shall owe for Taxes and Operating Expenses for any full or partial calendar year of the Term. In such event, Tenant shall pay such estimated amounts, on a monthly basis, on or before the first day of each calendar month, together with Tenant's payment of Base Rent. Such estimate may be reasonably adjusted from time to time by Landlord.

(ii) Within one hundred twenty (120) days but in no event later than one hundred eighty (180) days after the end of each calendar year, or as soon thereafter as practicable, Landlord shall provide a statement (the **"Statement"**) to Tenant showing: (a) the amount of actual Taxes and Operating Expenses for such calendar year, with a listing of amounts for major categories of Operating Expenses, (b) any amount paid by Tenant towards Taxes and Operating Expenses during such calendar year on an estimated basis, and (c) any revised estimate of Tenant's obligations for Taxes and Operating Expenses for the current calendar year.

(iii) If the Statement shows that Tenant's estimated payments were less than Tenant's actual obligations for Taxes and Operating Expenses for such year, Tenant shall pay the difference. If the Statement shows an increase in Tenant's estimated payments for the current calendar year, Tenant shall pay the difference between the new and former estimates, for the period of January 1 of the current calendar year through the month in which the Statement is sent. Tenant shall make such payments within thirty (30) days after Landlord provides the Statement to Tenant.

(iv) If the Statement shows that Tenant's estimated payments exceeded Tenant's actual obligations for Taxes and Operating Expenses, Tenant shall receive a credit for the difference against payments of Rent next due. If the Term shall have expired and no further Rent shall be due, Tenant shall receive a refund of such difference, within thirty (30) days after Landlord provides the Statement to Tenant.

(v) So long as Tenant's obligations hereunder are not adversely affected thereby, Landlord reserves the right to reasonably change, from time to time, the manner or timing of the foregoing payments. In lieu of providing one Statement covering Taxes and Operating Expenses, Landlord may provide separate statements, at the same or different times. No delay by Landlord in providing the Statement (or separate statements) shall be deemed a default by Landlord. Further, all Statements (or separate statements) must be delivered to Tenant within one (1) year from the end of the applicable Lease Year, or Landlord shall be deemed to have waived its right to require payment of Tenant's obligations for actual or estimated Taxes or Operating Expenses, absent manifest error.

(D) **Proration.** If the Term commences other than on January 1, or ends other than on December 31, Tenant's obligations to pay estimated and actual amounts towards Taxes and Operating Expenses for such first or final calendar years shall be prorated to reflect the portion of such years included in the Term. Such proration shall be made by multiplying the total estimated or actual (as the case may be) Taxes and Operating Expenses, for such calendar

years by a fraction, the numerator of which shall be the number of days of the Term during such calendar year, and the denominator of which shall be 365.

(E) **Landlord's Records.** Landlord shall maintain records respecting Taxes and Operating Expenses and determine the same in accordance with sound accounting and management practices, and generally accepted accounting principles, consistently applied. Although this Lease contemplates the computation of Taxes and Operating Expenses on a cash basis, Landlord shall make reasonable and appropriate accrual adjustments to ensure that each calendar year includes substantially the same recurring items. Landlord reserves the right to change to a full accrual system of accounting so long as the same is consistently applied and Tenant's obligations are not adversely affected. Tenant or its representative shall have the right to examine such records, upon reasonable prior notice specifying such records Tenant desires to examine, during normal business hours at the place or places where such records are normally kept by sending such notice no later than ninety (90) days following the furnishing of the Statement. Tenant may take exception to matters included in Taxes or Operating Expenses, or Landlord's computation of Tenant's Prorata Share of either, by sending notice specifying such exception and the reasons therefor to Landlord no later than sixty (60) days after Tenant's examination. Such Statement shall be considered final, except as to matters to which exception is taken after examination of Landlord's records in the foregoing manner and within the foregoing times or except for manifest error or fraud. Tenant acknowledges that Landlord's ability to budget and incur expenses depends on the finality of such Statement, and accordingly agrees that time is of the essence of this Paragraph. If Tenant takes exception to any matter contained in the Statement as provided herein, Landlord shall refer the matter to an independent certified public accounting firm designated by Landlord, whose certification as to the proper amount shall be final and conclusive as between Landlord and Tenant. Tenant shall promptly pay the cost of such certification unless such certification determines that Tenant was overbilled by more than five percent (5%) in the aggregate, in which event Landlord shall pay the reasonable cost of such certification and shall also reimburse Tenant for the reasonable third party costs incurred by Tenant (charged on an hourly basis and not including any contingency fees) within thirty (30) days after Landlord's receipt of Tenant's written demand accompanied by evidence of such costs incurred. If such certification indicates that the amount actually paid by Tenant, in relation to a matter for which Tenant has taken exception pursuant to this Paragraph, exceeds the amount Tenant should have paid, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 3, or if the Lease has expired, such amount shall be refunded to Tenant within thirty (30) days of such certification. Pending resolution of any such exceptions in the foregoing manner, Tenant shall continue paying Tenant's Prorata Share of Taxes and Operating Expenses in the amounts determined by Landlord, subject to adjustment after any such exceptions are so resolved.

(F) **Rent and Other Charges.** Base Rent, Taxes, Operating Expenses and any other amounts which Tenant is or becomes obligated to pay Landlord under this Lease are sometimes herein referred to collectively as **"Rent,"** and all remedies applicable to the non-payment of Rent shall be applicable thereto. Rent shall be paid at any office maintained by Landlord or its agent at the Property; or at such other place as Landlord may designate in writing after prior reasonable notice.

ARTICLE 4

Commencement Of Term

The Commencement Date is set forth in Article 1. During any period that Tenant shall be permitted to enter the Premises prior to the Commencement Date, other than to occupy the same (*e.g.*, to perform alterations or improvements), Tenant shall comply with all terms and provisions of this Lease, specifically including without limitation all requirements of the Tenant Improvement Workletter attached hereto as **Exhibit E**. except those provisions requiring the payment of Rent. Notwithstanding the foregoing, with respect to the 8th Floor Premises and 9th Floor Premises, Tenant's rights and obligations prior to the Commencement Date shall be governed by the Sublease Documents.

ARTICLE 5

Condition Of Premises

Subject to the provisions of **Exhibit E** attached hereto, Tenant agrees to accept the Premises, Property, Systems and Equipment (as defined in Article 25) "as is," except for latent defects, without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements except as expressly set forth in this Lease. Notwithstanding the foregoing, Landlord shall deliver the Systems and Equipment within the Premises to Tenant in good working order, and Landlord shall also promptly cause the common areas of the Property to comply with any requirements imposed by governmental authorities pursuant to applicable Laws.

ARTICLE 6

Use And Rules

Tenant shall use the Premises for general office purposes and no other purpose whatsoever, in compliance with all applicable Laws, and without disturbing or interfering with any other tenant or occupant of the Property. Tenant will comply with all Laws regulations and other requirements, including without limitation, environmental, health, safety and police requirements and regulations respecting the Premises, now or hereinafter in force, at its sole cost; provided, however, that Tenant shall not be obligated to make any structural or capital improvements to the Premises in order to comply with any particular Law unless such Law is applicable to the Premises due to Tenant's specific use thereof or as a result of any alterations to the Premises made by Tenant. Tenant shall not use the Premises in any manner so as to cause a cancellation of Landlord's insurance policies, or an increase in the premiums thereunder. Tenant shall comply with all rules set forth in Rider One attached hereto (the **"Rules"**). Landlord shall have the right to reasonably amend such Rules and supplement the same with other reasonable Rules (not expressly inconsistent with this Lease) relating to the Property, or the promotion of safety, care, cleanliness or good order therein, and all such amendments or new Rules shall be binding upon Tenant after five (5) days notice thereof to Tenant, provided that any amendment or supplement to the Rules does not materially and adversely affect any of Tenant's rights under this Lease. All Rules shall be applied on a non-discriminatory basis, but nothing herein shall be construed to give Tenant or any other Person (as defined in Article 25) any claim, demand or cause of action against Landlord arising out of the violation of such Rules by any other tenant, occupant, or visitor of the Property, or out

of the enforcement or waiver of the Rules by Landlord in any particular instance. To the extent there is a conflict between the Rules and this Lease, this Lease shall control.

ARTICLE 7

Services And Utilities

Landlord shall throughout the Term, provide and maintain the following services and utilities in a manner consistent with Comparable Buildings (as defined below) (the cost of which shall be included in Operating Expenses unless otherwise stated herein or in any separate rider hereto):

(A) Heating, ventilation, and air-conditioning (**"HVAC"**) from 7:00 a.m. until 6:00 p.m. Monday through Friday, except on Holidays (as defined in Article 25), and on Saturdays from 8:00 a.m. until 1:00 p.m. Landlord shall cause the base Building HVAC system to comply with all applicable governmental laws, rules, regulations and building codes (collectively, **"Laws"**) and with the standards established by the American Society of Heating, Refrigeration, and Air Conditioning Engineers (**"ASHRAE"**) for high-rise office buildings or standards customarily adopted for Comparable Buildings including HVAC System compatibility with ASHRAE standards in terms of total capacity (total cfm = not less than .80 cfm per actual square foot central air supply based on cold air delivery at 48 degrees Fahrenheit air temperature) and of outside air intake (not less than 20 cfm per person based on an occupancy level of one person per 143 rentable square feet) not be responsible for inadequate air-conditioning or ventilation to the extent the same occurs because Tenant uses any item of equipment which has an electrical load in excess of the average electrical load and human occupancy factors for the Building's HVAC system as designed. Whenever heat generating machines or equipment installed by Tenant (other than customary office equipment in customary quantities) affect the temperature otherwise maintained by Landlord in the Premises, or whenever the occupancy or electrical load exceeds the air conditioning standards set forth by Landlord, Landlord shall be relieved of responsibility for maintaining such standards and in such event Tenant shall, promptly, following delivery of written notice by Landlord to Tenant, either (i) discontinue use of such heat generating machines or equipment, or (ii) install supplementary air conditioning units in the Premises, the cost, installation, operation and maintenance of which shall be paid by Tenant to Landlord at such rates as Landlord reasonably charges from time to time in the Building. Tenant will cooperate with Landlord and abide by all reasonable regulations and requirements which Landlord may prescribe for the proper functioning of the ventilating and air conditioning systems.

(B) Electrical service to the Premises shall be not less than 5 watts per useable square foot for lighting and general utility power (120 volt power for lighting).

(C) Water for drinking, lavatory and toilet purposes at those points of supply provided for nonexclusive general use of other tenants at the Property twenty-four (24) hours a day, seven (7) days a week (subject to temporary shutdown for maintenance and emergencies).

(D) Customary office cleaning and trash removal service, Monday through Friday evenings, in and about the Premises, in accordance with the cleaning specifications attached hereto as **Exhibit F**.

(E) Operatorless passenger elevator service (and freight elevator service subject to scheduling by Landlord and payment of Landlord's standard charges therefor, if used outside of normal Building hours and if an attendant or special operations are required, in Landlord's discretion) in common with Landlord and other tenants and their contractors, agents and visitors.

(F) Tenant shall have access to the Building twenty-four (24) hours a day, seven (7) days per week. After normal business hours, access to the Building will be provided using a key card or other similar access and monitoring system, provided, however, that Landlord shall cause a security representative to be at the Property twenty-four (24) hours a day, seven (7) days per week.

(G) Landlord shall seek to provide such extra utilities or services as Tenant may from time to time request, if the same are reasonable and feasible for Landlord to provide and do not involve modifications or additions to the Property or existing Systems and Equipment (as defined in Article 25), and if Landlord shall receive Tenant's request within a reasonable period prior to the time such extra utilities or services are required. Landlord may comply with written or oral requests by any officer or employee of Tenant, unless Tenant shall notify Landlord of, or Landlord shall request, the names of authorized individuals (up to 3 for each floor on which the Premises are located) and procedures for written requests. Tenant shall, for such extra utilities or services, pay such charges as Landlord shall from time to time reasonably establish for the Building. All charges for such extra utilities or services shall be due at the same time as the installment of Base Rent with which the same are billed, or if billed separately, shall be due within thirty (30) days after such billing. In the event Tenant shall fail to make payment for such additional services, Landlord may, in addition to all other remedies which Landlord may have for the non-payment of Rent and without notice to Tenant, discontinue any or all such additional services, and such discontinuance shall not be held or pleaded as an eviction or as a disturbance in any manner whatsoever of Tenant's possession, or relieve Tenant from the payment of Rent when due, or vary or change any other provision of this Lease, or render Landlord liable for damages of any kind whatsoever.

At Landlord's sole cost and expense, the Premises shall be separately metered and Tenant shall pay directly to the utility company all electricity charges with respect to Tenant's electrical consumption within the Premises. In the event that Tenant wishes to utilize services of an alternative electricity service provider (**"ASP"**) rather than the public utility that is servicing the Building as of the date of Tenant's execution of this Lease, no such ASP shall be permitted to provide service to Tenant or to install its lines or other equipment within the Building without obtaining the prior written consent of Landlord, which consent may be granted or denied in Landlord's sole discretion. Tenant's use of electrical service shall not exceed the safe and lawful capacity of the Building's existing electrical circuits. In the event that Tenant requires HVAC service outside of the normal Building hours set forth in Article 7(A) above, Landlord shall seek to provide same, provided that Landlord shall receive Tenant's request within a reasonable period prior to the time such extra HVAC service is needed. Landlord may comply with written or oral requests by any officer or employee of Tenant. Tenant shall pay such charges as Landlord shall from time to time reasonably establish for such extra HVAC service. All charges for extra HVAC service shall be due at the same time as the installment of Base Rent with which the same are billed, or if billed separately, shall be due within thirty (30) days after such billing.

Landlord does not warrant that any services or utilities will be free from shortages, failures, variations, or interruptions caused by repairs, maintenance, replacements,

improvements, alterations, changes of service, strikes, lockouts, labor controversies, accidents, inability to obtain services, fuel, steam, water or supplies, governmental requirements or requests, or other causes beyond Landlord's reasonable control. None of the same shall be deemed an eviction or disturbance of Tenant's use and possession of the Premises or any part thereof, or render Landlord liable to Tenant for abatement of Rent, or relieve Tenant from performance of Tenant's obligations under this Lease. Landlord in no event shall be liable for damages by reason of loss of profits, business interruption or other consequential damages.

Notwithstanding anything to the contrary in the Lease, in the event that there shall be an interruption, curtailment or suspension of the Building's elevator, electricity or HVAC service or water supply in the manner required to be provided in this Article 7 (and no reasonably equivalent alternative service or supply is provided by Landlord) and such interruption, curtailment or suspension causes the Premises to be untenantable (a **"Service Interruption"**), and if (i) such Service Interruption shall not have been caused, in whole or in part, by an act or omission or negligence of Tenant, or of Tenant's agents, employees, contractors or visitors, and (ii) Tenant shall have given written notice respecting such Service Interruption to Landlord, such Service Interruption continues for more than five (5) consecutive business days after Landlord receives such notice, subject to extension due to force majeure (as defined in Article 10), Base Rent hereunder shall thereafter be abated in the same proportion as the portion of the Premises caused to be untenantable by the Service Interruption bears to the entire Premises from the end of such five (5) consecutive business day period until such time as such interruption, curtailment or suspension is remedied or the Premises (or affected portion thereof) are again tenantable, whichever shall first occur. If for any reason, however, a Service Interruption is not permanently restored within eighteen (18) months after its occurrence, Tenant shall have the right to terminate this Lease by providing written notice thereof to Landlord at any time after such eighteen (18) months and prior to restoration of service. Further, nothing herein contained is intended to apply to casualties within the scope of Article 10 of this Lease; in the event of such a casualty, the termination rights and other provisions of Article 10 shall control and govern over those set forth in this Article 7. Further, notwithstanding the foregoing, in the event that a Service Interruption of one (1) business day or more occurs which is caused by the intentional misconduct or gross negligence of Landlord, or of Landlord's agents, the abatement of Rent shall commence immediately upon notice from Tenant of such Service Interruption.

ARTICLE 8

Alterations And Liens

Tenant shall make no additions, changes, alterations or improvements (the **"Work"**) to the Premises or the Systems and Equipment (as defined in Article 25) pertaining to the Premises without the prior written consent of Landlord, which consent will not be unreasonably withheld as long as any proposed additions, changes, alterations or improvements do not affect the Systems and Equipment or the structure of the Property and as long as Tenant complies with the other requirements of this Article 8. Tenant shall not place a load upon any floor of the Premises that exceeds seventy (70) pounds per square foot "live load." Landlord reserves the right to reasonably designate the position of all Equipment which Tenant wishes to place within the Premises based on advice from Landlord's engineer if the Equipment is over one hundred (100) pounds or if it exceeds seventy (70) pounds per square foot "live load", and to place limitations on the weight thereof. Although Tenant must comply with the other provisions of this Article 8, Tenant must provide at least ten (10) days prior written notice to Landlord, but need not obtain Landlord's consent, as a condition of performing (a) cosmetic improvements such as

painting or re-carpeting, or (b) additions, changes, alterations or improvements that do not affect the Systems and Equipment or the structure of the Property and which cost less than $50,000 in the aggregate. Landlord may impose reasonable requirements as a condition of such consent including without limitation the submission of plans and specifications for Landlord's prior written approval, obtaining necessary permits, posting bonds, obtaining insurance, prior approval of contractors, subcontractors and suppliers, prior receipt of copies of all contracts and subcontracts, contractor and subcontractor lien waivers, affidavits listing all contractors, subcontractors and suppliers, use of union labor (if Landlord uses union labor), affidavits from engineers acceptable to Landlord stating that the Work will not adversely affect the Systems and Equipment or the structure of the Property, and reasonable requirements as to the manner and times in which such Work shall be done. All Work shall be performed in a good and workmanlike manner and all materials used shall be of a quality comparable to or better than those in the Premises and Property and shall be in accordance with plans and specifications approved by Landlord, and Landlord may require that all such Work be performed under Landlord's supervision. In all cases, Tenant shall pay Landlord's out-of-pocket expenses incurred in connection with Landlord's review of Tenant's plans and specifications and Landlord's supervision of the Work not to exceed three percent (3%) of the hard costs of performing such Work. If Landlord consents or supervises, the same shall not be deemed a warranty as to the adequacy of the design, workmanship or quality of materials, and Landlord hereby expressly disclaims any responsibility or liability for the same. Landlord shall under no circumstances have any obligation to repair, maintain or replace any portion of the Work.

Tenant shall keep the Property and Premises free from any mechanic's, materialman's or similar liens or other such encumbrances in connection with any Work on or respecting the Premises not performed by or at the request of Landlord, and shall indemnify and hold Landlord harmless from and against any claims, liabilities, judgments, or costs (including attorneys' fees) arising out of the same or in connection therewith. Tenant shall give Landlord notice at least ten (10) business days prior to the commencement of any Work on the Premises (or such additional time as may be necessary under applicable Laws), to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise or provide such other adequate security reasonably acceptable to Landlord within thirty (30) days after written notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Property or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Property or Premises arising in connection with any Work on or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Property and Premises.

Notwithstanding anything to the contrary in this Lease, the title to any alterations installed or paid for by Tenant, including, without limitation, the initial Tenant improvements, shall remain the property of Tenant until the end of the Term.

ARTICLE 9

Repairs

Except for customary cleaning and trash removal provided by Landlord under Article 7, and damage covered under Article 10, Tenant shall keep the Premises (other than the structure of the Building and Systems and Equipment and the Common Areas, which are Landlord's obligation to maintain) in good and sanitary condition, working order and repair (including without limitation, carpet, wall-covering, doors, plumbing and other fixtures, equipment, alterations and improvements whether installed by Landlord or Tenant), subject to ordinary wear and tear and damage by casualty. In the event that any repairs, maintenance or replacements are required, Tenant shall promptly arrange for the same either through Landlord for such reasonable charges as Landlord may from time to time establish, or such contractors as Landlord generally uses at the Property or such other contractors as Landlord shall first reasonably approve in writing, and in a first class, workmanlike manner reasonably approved by Landlord in advance in writing. If Tenant does not with reasonable promptness make such arrangements, Landlord may, but need not, make such repairs, maintenance and replacements, and the costs paid or incurred by Landlord therefor shall be reimbursed by Tenant promptly after request by Landlord. Tenant shall indemnify Landlord and pay for any repairs, maintenance and replacements to areas of the Property outside the Premises, caused, in whole or in part, as a result of moving any furniture, fixtures, or other property to or from the Premises, or by Tenant or its employees, agents, contractors, or visitors, normal wear and tear excepted. Except as provided in the preceding sentence, or for damage covered under Article 10, Landlord shall keep the common areas and structural portions of the Property in good and sanitary condition, working order and repair in a manner similar to Comparable Buildings (the cost of which shall be included in Operating Expenses, as described in Article 25, except as limited therein).

ARTICLE 10

Casualty Damage

If the Premises or any common areas of the Property providing access thereto shall be damaged by fire or other casualty, and if such casualty does not cause a termination of this Lease as hereinafter provided, Landlord shall use available insurance proceeds to restore the same. Such restoration shall be to substantially the condition prior to the casualty, except for modifications required by zoning and building codes and other Laws or by any Holder (as defined in Article 25), any other modifications to the common areas deemed desirable by Landlord (provided access to the Premises is not materially impaired), and except that Landlord shall not be required to repair or replace any of Tenant's furniture, furnishings, fixtures or equipment, or any alterations or improvements made by Tenant or any improvements made to the Premises that are above the base building condition. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof. However, Landlord shall allow Tenant a proportionate abatement of Rent during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease and not occupied by Tenant as a result thereof including a reasonable period not to exceed one hundred twenty (120) days to permit Tenant to restore Tenant's improvements and alterations which are not Landlord's responsibility hereunder. Notwithstanding the foregoing to the contrary, Landlord may elect to terminate this Lease by notifying Tenant in writing of such termination within sixty (60) days after the date of damage (such termination notice to include a termination date providing at least ninety (90)

days for Tenant to vacate the Premises) if the Property shall be damaged by fire or other casualty or cause such that: (a) repairs to the Premises and access thereto cannot reasonably be completed within one hundred twenty (120) days after the casualty without the payment of overtime or other premiums, (b) more than twenty-five percent (25%) of the Premises is affected by the damage, and fewer than 24 months remain in the Term, or any material damage occurs to the Premises during the last 12 months of the Term, (c) any Holder (as defined in Article 25) shall require that the insurance proceeds or any portion thereof be used to retire the Mortgage debt (or shall terminate the ground lease, as the case may be), or the damage is not fully covered by Landlord's insurance policies, or (d) the cost of the repairs, alterations, restoration or improvement work would exceed forty percent (40%) of the replacement value of the Building. Tenant agrees that Landlord's obligation to restore, and the abatement of Rent provided herein shall be Tenant's sole recourse in the event of such damage and Tenant waives any other rights Tenant may have under any applicable law to terminate the Lease by reason of damage to the Premises or Property. Tenant acknowledges that this Article represents the entire agreement between the parties respecting damage to the Premises or Property.

Notwithstanding anything to the contrary contained in this Article 10, Tenant may terminate this Lease if Tenant is unable to use all or a substantial portion of the Premises as a result of fire or other casualty and (a) Landlord fails to commence restoration work to the Premises within sixty (60) days after the damage occurs, or (b) Landlord fails to substantially complete such work within one hundred fifty (150) days after commencing the same, or such additional time as may be necessary due to strikes, lock-outs or other labor troubles, shortages of equipment or materials, governmental requirements, power shortages or outages or other causes beyond Landlord's reasonable control (collectively, **"force majeure"**), which time period for events of force majeure shall in no event exceed, in the aggregate, more than two hundred and ten (210) days, or (c) such work is reasonably estimated (which estimate Landlord shall provide within sixty (60) days following the casualty), to take more than one hundred eighty (180) days to substantially complete after being commenced, or (d) more than forty percent (40%) of the Premises is affected by the damage, and fewer than twelve (12) months remain in the Term. In order to exercise any of the foregoing termination rights, Tenant must send Landlord at least sixty (60) days (but not more than one hundred twenty (120) days) advance notice specifying the basis for termination, and such notice must be given no later than thirty (30) days following the Landlord's notice of the estimated time to substantially complete the restoration work. Such termination rights shall not be available to Tenant if Landlord substantially completes the repairs to the Premises within sixty (60) days after Tenant's notice.

ARTICLE 11

Insurance, Subrogation, And Waiver Of Claims

Tenant shall maintain during the Term Commercial General Liability insurance, with limits of not less than $3,000,000 per occurrence for personal injury, bodily injury or death, or property damage or destruction (including loss of use thereof). Such insurance shall be primary and any insurance carried by Landlord or any other insured shall be excess and noncontributory. Tenant shall also maintain during the Term workers' compensation insurance as required by statute, employer's liability insurance in an amount of not less than $1,000,000 per occurrence, and primary, noncontributory, "all-risk" property damage insurance covering Tenant's personal property, business records, fixtures and equipment, for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of

pipes, explosion, business interruption, and other insurable risks in amounts not less than the full insurable replacement value of such property and full insurable value of such other interests of Tenant (subject to reasonable deductible amounts). Landlord shall, as part of Operating Expenses, maintain during the Term Commercial General Liability insurance, with limits of not less than $3,000,000 per occurrence for personal injury, bodily injury or death, or property damage or destruction (including loss of use thereof). Landlord shall also, as part of Operating Expenses, maintain during the Term workers' compensation insurance as required by statute, and primary, non-contributory, extended coverage or "all-risk" property damage insurance, in an amount equal to one hundred percent (100%) of the full insurable replacement value of the Property (exclusive of the costs of excavation, foundations and footings, and such risks required to be covered by Tenant's insurance, and subject to reasonable deductible amounts), or such other amount necessary to prevent Landlord from being a co-insured, and such other additional coverage as Landlord shall reasonably deem appropriate or that may be required by any Holder (as defined in Article 25).

Tenant shall provide Landlord with certificates evidencing such coverage (and, with respect to liability coverage, showing as named insureds Landlord, any Holder of which Tenant has notice, and such other parties that Landlord shall designate from time to time) prior to the Commencement Date, which shall state that such insurance coverage may not be changed or canceled without at least thirty (30) days prior written notice to Landlord, and shall provide renewal certificates to Landlord at least thirty (30) days prior to expiration of such policies. Except as provided to the contrary herein, any insurance carried by Landlord or Tenant shall be for the sole benefit of the party carrying such insurance. Any insurance policies hereunder may be "blanket policies," provided that payments made in connection with other properties covered by such blanket policies shall not diminish the insurance amounts required hereunder. All insurance required hereunder shall be provided by responsible insurers and Tenant's insurer shall have a rating of at least A-X in the then current edition of Best's Key Rating Insurance guide and shall otherwise be reasonably acceptable to Landlord. By this Article, Landlord and Tenant intend that their respective property loss risks shall be borne by responsible insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against such other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right of the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that said waiver of subrogation shall not affect the right of the insured to recover thereunder.

Tenant shall carry and maintain during the entire Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 11, and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, including errors and omissions coverage for design professionals in connection with alterations to the Premises, as may be reasonably requested by Landlord, provided such increased amounts and other types of insurance are consistent with the amounts and types of insurance being required by owners of comparable buildings in the Chicago metropolitan area.

ARTICLE 12

Condemnation

If the whole or any material part of the Premises or Property shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any material part of the Premises or Property, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease upon ninety (90) days notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking, condemnation, reconfiguration, vacation, deed or other instrument provided that Landlord also terminates at least fifty percent (50%) of the other remaining leases of the portion of the Property affected by such condemnation. Tenant shall have reciprocal termination rights if the whole or any material part of the Premises is permanently taken, or if access to the Premises is permanently materially impaired. Landlord shall be entitled to receive the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Term, and for moving expenses (so long as such claim does not diminish the award available to Landlord or any Holder, and such claim is payable separately to Tenant). All Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated.

ARTICLE 13

Return Of Possession

At the expiration or earlier termination of this Lease or Tenant's right of possession, Tenant shall surrender possession of the Premises in the condition required under Article 9, ordinary wear and tear and damage by casualty or condemnation excepted, and shall surrender all keys, any key cards, and any parking stickers or cards, to Landlord, and advise Landlord as to the combination of any locks or vaults then remaining in the Premises, and shall remove all trade fixtures and personal property. All improvements, fixtures and other items in or upon the Premises (except trade fixtures and personal property belonging to Tenant), whether installed by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant. However, if at the time of Landlord's approval of any alteration, Landlord notified Tenant in writing to remove such alteration at the end of the Term, prior to such termination or within ten (10) days after such termination, Tenant shall promptly remove such of the foregoing items as are designated in such notice and restore the Premises to the condition prior to the installation of such items; provided, Landlord shall not require removal of (a) customary office improvements installed pursuant to any separate agreement signed by both parties in connection with entering this Lease (except as expressly provided to the contrary therein), (b) the improvements installed pursuant to the Work Agreement or (c) improvements installed during the Term that are consistent with the improvements installed pursuant to the Work Agreement, or improvements installed by Tenant with Landlord's written approval (except as expressly required by Landlord in connection with granting such approval). If Tenant shall fail to perform any repairs or restoration, or fail to remove any items from the Premises required hereunder, Landlord may do so, and Tenant shall

pay Landlord the cost thereof upon demand. All property removed from the Premises by Landlord pursuant to any provisions of this Lease or any Law may be handled or stored by Landlord at Tenant's expense, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. All property not removed from the Premises or retaken from storage by Tenant within thirty (30) days after expiration or earlier termination of this Lease or Tenant's right to possession shall at Landlord's option be conclusively deemed to have been conveyed by Tenant to Landlord as if by bill of sale without payment by Landlord. Unless prohibited by applicable Law, Landlord shall have a lien against such property for the costs incurred in removing and storing the same.

ARTICLE 14

Holding Over

Landlord and Tenant recognize that Landlord's damages resulting from Tenant's failure to timely surrender possession of the Premises may be substantial, may exceed the amount of the Rent payable hereunder, and will be impossible to accurately measure. Accordingly, if possession of the Premises is not surrendered to Landlord on the Expiration Date or sooner termination of this Lease, Tenant shall (a) pay to landlord for each month (or any portion thereof) during which Tenant holds over in the Premises after the Expiration Date or sooner termination of this Lease, a sum equal to one hundred fifty percent (150%) of the Rent payable under this Lease for the last full calendar month of the Term (or the highest amount permitted by Law, whichever shall be less), (b) after the first thirty (30) days of the holdover period, in addition to any other rights or remedies Landlord may have hereunder or at law, Tenant shall also be liable to Landlord for (i) any payment or rent concession which Landlord may be required to make to any tenant obtained by Landlord for all or any part of the Premises (a **"New Tenant"**) in order to induce such New Tenant not to terminate its lease by reason of the holding over by Tenant for which Tenant has received prior written notice, and (ii) the loss of the benefit of the bargain if any New Tenant shall terminate its lease by reason of the holding-over by Tenant for which Tenant has received prior written notice, and (c) indemnify Landlord against all claims for damages by any New Tenant; and such other remedies as Landlord may have at law or in equity. No holding-over by Tenant, nor the payment to Landlord of the amounts specified above, shall operate to extend the Term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or sooner termination of this Lease, and no acceptance by Landlord of payments from Tenant after the Expiration Date or sooner termination of this Lease shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Article 14.

ARTICLE 15

No Waiver

No provision of this Lease will be deemed waived by either party unless expressly waived in writing signed by the waiving party. No waiver shall be implied by delay or any other act or omission of either party. No waiver by either party of any provision of this Lease shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision, and Landlord's consent or approval respecting any action by Tenant shall not constitute a waiver of the requirement for obtaining Landlord's consent or approval respecting any subsequent action. Acceptance of Rent by Landlord shall not constitute a waiver of any breach by Tenant of any term or provision of this Lease. No acceptance of a lesser amount

than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. The acceptance of Rent or of the performance of any other term or provision from any Person other than Tenant, including any Transferee, shall not constitute a waiver of Landlord's right to approve any Transfer.

ARTICLE 16

Attorneys' Fees And Jury Trial

In the event of any litigation between the parties, the prevailing party shall be entitled to obtain, as part of the judgment, all reasonable attorneys' fees, costs and expenses incurred in connection with such litigation, except as may be limited by applicable Law. In the interest of obtaining a speedier and less costly hearing of any dispute, the parties hereby each irrevocably waive the right to trial by jury.

ARTICLE 17

Personal Property Taxes, Rent Taxes And Other Taxes

Tenant shall pay prior to delinquency all taxes, charges or other governmental impositions assessed against or levied upon Tenant's fixtures, furnishings, equipment and personal property located in the Premises, and any Work to the Premises under Article 8. Whenever possible, Tenant shall cause all such items to be assessed and billed separately from the property of Landlord. In the event any such items shall be assessed and billed with the property of Landlord, Tenant shall pay Landlord its share of such taxes, charges or other governmental impositions within thirty (30) days after Landlord delivers a statement and a copy of the assessment or other documentation, showing the amount of such impositions applicable to Tenant's property. Tenant shall pay any rent tax or sales tax, service tax, or value added tax, or any other applicable tax on the Rent or services herein or otherwise respecting this Lease.

ARTICLE 18

Reasonable Approvals

Whenever Landlord's approval or consent is expressly required under this Lease (including Article 21) or any other agreement between the parties, Landlord shall not unreasonably withhold or delay such approval or consent, except as expressly provided herein to the contrary and except for matters affecting the structure, safety or security of the Property, or the appearance of the Property from any common or public areas.

ARTICLE 19

Subordination, Attornment And Mortgagee Protection

This Lease is subject and subordinate to all Mortgages (as defined in Article 25) now or hereafter placed upon the Property, and to all other encumbrances and matters of public record applicable to the Property. This clause shall be self-operative and no further instrument

of subordination shall be required for the benefit of any Holder (as defined in Article 25), provided such Holder, purchaser or grantee shall accept this Lease and agree not to disturb Tenant's occupancy in accordance with the terms and subject to the conditions set forth in this Lease, so long as Tenant does not Default and fail to cure within the time permitted hereunder. If any foreclosure proceedings (or any other enforcement of remedies, such as termination of any ground lease) are initiated or effected by any Holder, or if a deed in lieu is granted, Tenant agrees, upon written request by any such Holder, by any purchaser at foreclosure sale or by any grantee of a deed in lieu, to attorn and pay Rent to such party or to any person claiming by, through or under such party, and to execute and deliver any instruments necessary or appropriate to evidence or effectuate such attornment. In the event of any such attornment by Tenant, no Holder, no purchaser at foreclosure sale, no grantee of a deed in lieu, no affiliate of any of the foregoing, and no person claiming by, through or under any of such persons, which shall become the Landlord under the Lease shall be: (i) liable for any act or omission of Landlord, or subject to any offsets, abatements or defenses which Tenant might have against Landlord except as explicitly set forth in this Lease, if any (prior to such successor becoming Landlord under such attornment) and except for any unfunded tenant improvement allowance, or subject to exercise of any right of termination which Tenant might have the right to exercise prior to such successor becoming Landlord under such attornment, (ii) liable for any security deposit or bound by any Rent prepaid more than thirty (30) days prior to the date when due not actually received by such successor Landlord, (iii) bound by any modification of this Lease entered into after the date of such successor Landlord's Mortgage (or the date of the Mortgage under which such successor came into title, as applicable) that is not consented to by such successor Landlord (provided that Tenant has received notice of the name and address of such successor Landlord), excluding any modification explicitly contemplated herein, such as after Tenant's exercise of any expansion option under Article 40 herein, or (iv) bound by any obligation to perform any work or to make improvements to the Premises, except for (1) repairs, replacements and maintenance pursuant to the express provisions of this Lease the need for which arises after the date such successor became Landlord under the Lease, (2) repairs to the Premises or any part thereof as a result of damage by fire or other casualty pursuant to the express provisions of this Lease, but only to the extent that such repairs reasonably can be made from the net proceeds of any insurance actually made available to such successor Landlord, (3) repairs to the Premises as a result of a partial condemnation pursuant to the express provisions of this Lease, but only to the extent that such repairs reasonably can be made from the net proceeds of any award made available to such successor Landlord and (4) improvements required to be made by Landlord or paid for by Landlord pursuant to the Tenant Improvement Workletter attached hereto as **Exhibit E**. Any Holder may elect to make this Lease prior to the lien of its Mortgage, by written notice to Tenant, and if the Holder of any prior Mortgage so shall elect, this Lease shall be prior to any subordinate Mortgage. Tenant agrees to deliver to any Holder by certified mail, return receipt requested, a copy of any notice of default served by Tenant upon Landlord, provided that prior to such notice Tenant has been notified in writing (by delivering to Tenant a copy of an assignment of leases, or otherwise) of the address of such Holder. Tenant further agrees that if Landlord shall have failed to cure such default within the times permitted Landlord for cure under this Lease, any such Holder whose address has been provided to Tenant and who has received a notice of default from Tenant shall have an additional period to cure such default of thirty (30) days (or such additional time as may be reasonably required under the circumstances to cure such default due to causes beyond such Holder's control, including time to obtain possession of the Property by power of sale or judicial action). Tenant agrees, upon demand of any Holder or any successor Landlord which shall have come into possession or acquired title to the Premises, as aforesaid, to execute a new lease of the Premises (as tenant) with Lender or such Successor Owner (as

landlord) upon the same terms and conditions as the Lease between Tenant and Landlord, which new lease shall cover any unexpired term of the Lease existing at the time of such conveyance of title, in the event the term of the Lease shall terminate upon or prior to the time of such conveyance of title. Tenant shall execute such documentation, including in recordable form, as Landlord or any Holder may reasonably request from time to time, in order to confirm the matters set forth in this Article.

ARTICLE 20

Estoppel Certificate

Tenant shall from time to time, within ten (10) business days after written request from Landlord or any Holder, execute, acknowledge and deliver to Landlord or any Holder a statement (i) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease as so modified, is in full force and effect (or if this Lease is claimed not to be in force and effect, specifying the ground therefor) and any dates to which the Rent has been paid in advance, and the amount of any Security Deposit, (ii) acknowledging that there are not any uncured defaults on the part of' Landlord or Tenant hereunder, or specifying such defaults if any are claimed, (iii) stating whether Tenant has any rights to offsets or abatement of Rent, and (iv) certifying such other matters as Landlord may reasonably request, or as may be requested by Landlord's current or prospective Holders, insurance carriers, auditors, and prospective purchasers. Any such statement may be relied upon by any such parties.

ARTICLE 21

Assignment And Subletting

(A) **Transfers.** Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed, as further described below: (i) assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, by operation of law or otherwise, (ii) sublet the Premises or any part thereof, or (iii) permit the use of the Premises by any Persons (as defined in Article 25) other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as **"Transfers"** and any Person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a **"Transferee"**). If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice shall include: (a) the proposed effective date (which shall not be less than thirty (30) nor more than one hundred eighty (180) days after Tenant's notice), (b) the portion of the Premises to be Transferred (herein called the **"Subject Space"**), (c) the terms of the proposed Transfer and the consideration therefor, the name and address of the proposed Transferee, and a copy of all documentation pertaining to the proposed Transfer, and (d) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information to enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, and such other information as Landlord may reasonably require. Any Transfer made without complying with this Article shall, at Landlord's option, be null, void and of no effect, or shall constitute a Default under this Lease. Whether or not Landlord shall grant consent, Tenant shall pay the reasonable attorney's fees and other out-of-pocket costs and expenses incurred by Landlord in review and processing Tenant's request for consent, within

thirty (30) days after presentation by Landlord of its statement setting forth such costs and expenses.

(B) **Approval.** Landlord will not unreasonably withhold condition, or delay its consent (as provided in Article 18) to any proposed Transfer of the Subject Space to the Transferee on the terms specified in Tenant's notice. The parties hereby agree that it shall be reasonable under this Lease and under any applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following applies (without limitation as to other reasonable grounds for withholding consent): (i) the Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Property, (ii) the Transferee intends to use the Subject Space for purposes which are not permitted under this Lease, (iii) the Subject Space is not regular in shape with appropriate means of ingress and egress suitable for normal renting purposes, (iv) the Transferee is either a government (or agency or instrumentality thereof), foreign embassy or other foreign entity or person having diplomatic immunity, an occupant of the Property (provided, however, that if there is no vacant space comparable in size to the Subject Space available for occupancy at the Property, then a Transfer to an occupant of the Property may occur), (v) the proposed Transferee does not have a reasonable financial condition in relation to the obligations to be assumed in connection with the Transfer, or (vi) Tenant has committed and failed to cure a Default at the time Tenant requests consent to the proposed Transfer.

(C) **Transfer Premium.** If Landlord consents to a Transfer, and as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay Landlord fifty percent (50%) of any Transfer Premium derived by Tenant from such Transfer. **"Transfer Premium"** shall mean all rent, additional Rent or other consideration paid by such Transferee solely with respect to the Transfer in excess of the Rent payable by Tenant under this Lease (on a monthly basis during the Term, and on a per rentable square foot basis, if less than all of the Premises is transferred), after deducting the reasonable expenses incurred by Tenant for any changes, alterations and improvements to the Premises, any other economic concessions or services provided to the Transferee, and any customary brokerage commissions paid in connection with the Transfer. The percentage of the Transfer Premium due Landlord hereunder shall be paid by Tenant with each installment of Rent due immediately following Tenant's receipt of any Transfer Premium from the Transferee.

(D) **Recapture.** Notwithstanding anything to the contrary contained in this Article, except with respect to a transfer to a Related Entity as provided in (G) of this Article 21, and except with respect to a Transfer to which Landlord has consented as provided herein or which is explicitly permitted hereunder without Landlord's consent, Landlord shall have the recapture option described in this Section 21(D). If Tenant desires to offer space within the Premises for sublease for a term (including renewal options) which is equal in length to the remaining term hereunder, less twelve months or less, Tenant shall provide written notice of such intent to Landlord, and Landlord shall have the right, by giving written notice to Tenant within ten (10) days after receipt of Tenant's notice of any such proposed Transfer, to recapture the Subject Space. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in Tenant's notice as the effective date of the proposed Transfer (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter). If this Lease shall be cancelled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, this Lease as so amended shall

continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. Landlord shall have no recapture right if (i) Tenant offers the space for sublease for a term (including renewal options) shorter than the remaining term hereunder, less twelve (12) months, or if (ii) Landlord fails to exercise such right within ten (10) days after receipt of Tenant's notice of any such proposed Transfer or sublease.

(E) **Terms of Consent.** If Landlord consents to a Transfer: (a) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (b) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (c) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of this Lease from liability under this Lease, (d) Tenant shall deliver to Landlord promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, and (e) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall within thirty (30) days after demand pay the deficiency, and if understated by more than three percent (3%), Tenant shall pay Landlord's costs of such audit. Any sublease hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any sublease, Landlord shall either: (i) treat such sublease as canceled and repossess the Subject Space by any lawful means provided that the document in which Landlord consented to such Transfer provides for such a right, or (ii) require that such subtenant attorn to and recognize Landlord as its landlord under any such sublease. If Tenant shall Default and fail to cure within the time permitted for cure under Article 23(A), Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such Default is cured.

(F) **Certain Transfers.** For purposes of this Lease, the term **"Transfer"** shall also include (a) if Tenant is a partnership, limited liability company or similar entity, the withdrawal or change, voluntary, involuntary or by operation of law, of a majority of the partners or members, or a sale, assignment, mortgage, hypothecation, pledge or other transfer of a majority of partnership or membership interests, within a twelve (12) month period, or the dissolution of the partnership or other entity, and (b) if Tenant is a corporation, the dissolution, merger, consolidation or other reorganization of Tenant, or within a twelve (12) month period, the sale, assignment, or other transfer of more than an aggregate of fifty percent (50%) of Tenant's net assets. For purposes of this Lease, the term **"Transfer"** shall not include the transfer or sale of any of Tenant's stock, or the stock of any affiliate of Tenant, on a nationally recognized stock exchange.

(G) **Related Entities.** Notwithstanding anything to the contrary in this Article 21, Tenant may, upon not less than five (5) days prior written notice to Landlord, permit any corporations or other business entities which are controlled by, or are under common control with Tenant (a **"Related Entity"**) to sublet all or part of the Premises or receive an assignment of the Lease, provided that (i) Tenant shall not be in default under this Lease, (ii) prior to such subletting or assignment, as the case may be, Tenant furnishes Landlord with the name of any

such Related Entity, together with a certification of Tenant, and such other proof as Landlord may reasonably request, that such subtenant or assignee, as the case may be, is a Related Entity of Tenant and continues to remain such during the Term. Landlord shall have the right, at any reasonable time, to examine such books and records of Tenant as may be necessary to establish that such sublessee or assignee, as the case may be, remains a Related Entity of Tenant. Such subletting or assignment shall not relieve Tenant of any of Tenant's liability or obligations under this Lease. For the purposes hereof, **"control"** shall mean the power to directly or indirectly direct or cause the direction of the management or policies of such corporation or entity. In addition, Landlord's consent shall not be required with respect to a Transfer resulting from transactions with a business entity into or with which Tenant is merged or consolidated or to which substantially all of Tenant's assets are transferred so long as (i) such transfer was made for a legitimate independent business purpose and not for the purpose of transferring this Lease, (ii) the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the net worth of Tenant immediately prior to such merger, consolidation, or transfer, and (iii) proof satisfactory to Landlord or such net worth is delivered to Landlord at least ten (10) days prior to the effective date of any such transaction.

ARTICLE 22

Rights Reserved By Landlord

Except to the extent expressly limited herein, Landlord reserves full rights to control the Property (which rights may be exercised without subjecting Landlord to claims for constructive eviction, abatement of Rent, damages or other claims of any kind), including more particularly, but without limitation, the following rights:

(A) To change the name or street address of the Property (in which case Landlord shall reimburse Tenant for the reasonable costs incurred by Tenant for new stationery); install and maintain signs on the exterior and interior of the Property; retain at all times, and use in appropriate instances, keys to all doors within and into the Premises; grant to any Person the right to conduct any business or render any service at the Property, whether or not it is the same or similar to the use permitted Tenant by this Lease provided such business is commensurate with businesses conducted by tenants of Comparable Buildings; and have access for Landlord and other tenants of the Property to any mail chutes located on the Premises according to the rules of the United States Postal Service. Notwithstanding the foregoing, as long as Tenant is itself then occupying at least two (2) full floors in the Building, Landlord shall not name the Building after any direct competitor of Tenant.

(B) To enter the Premises at reasonable hours for reasonable purposes, including inspection and supplying cleaning service or other services to be provided Tenant hereunder, to show the Premises to current and prospective mortgage lenders, ground lessors, insurers, and prospective purchasers, tenants and brokers, at reasonable hours upon reasonable prior notice (provided, however, Landlord may not show the Premises to prospective tenants or their brokers until the last year of the term), and if Tenant shall abandon the Premises for a period of one hundred eighty (180) days, at any time, or shall vacate the same during the last three (3) months of the Term, to decorate, remodel, repair, or alter the Premises.

(C) To limit or prevent access to the Property, shut down elevator service, activate elevator emergency controls, or otherwise take such action or preventative measures

reasonably deemed necessary by Landlord for the safety of tenants or other occupants of the Property or the protection of the Property and other property located thereon or therein, in case of fire, invasion, insurrection, riot, civil disorder, public excitement or other dangerous condition, or threat thereof.

(D) To decorate and to make alterations, additions and improvements, structural or otherwise, in or to the Property or any part thereof, and any adjacent building, structure, parking facility, land, street or alley (including without limitation changes and reductions in corridors, lobbies, parking facilities and other public areas and the installation of kiosks, planters, sculptures, displays, escalators, mezzanines, and other structures, facilities, amenities and features therein, and changes for the purpose of connection with or entrance into or use of the Property in conjunction with any adjoining or adjacent building or buildings, now existing or hereafter constructed), provided, however, Landlord shall maintain the Property in a condition equal to that of Comparable Buildings. In connection with such matters, or with any other repairs, maintenance, improvements, or alterations, in or about the Property, Landlord may erect scaffolding and other structures reasonably required, and during such operations may enter upon the Premises and take into and upon or through the Premises, all materials required to make such repairs, maintenance, alterations or improvements, and may close public entry ways, other public areas, restrooms, stairways or corridors. Further, in connection with such matters, Landlord shall make commercially reasonable efforts not to interfere with Tenant's use of or access to the Premises in any material respect.

In connection with entering the Premises to exercise any of the foregoing rights, Landlord shall: (a) provide reasonable advance written or oral notice to Tenant's on-site manager or other appropriate person (except in emergencies, or for routine cleaning or other routine matters), and (b) take reasonable steps to minimize any interference with Tenant's business.

ARTICLE 23

Landlord's Remedies

(A) **Default.** The occurrence of any one or more of the following events shall constitute a **"Default"** by Tenant, which if not cured within any applicable time permitted for cure below, shall give rise to Landlord's remedies set forth in Paragraph (B), below: (i) failure by Tenant to make when due any payment of Rent, unless such failure is cured within ten (10) days after written notice; (ii) failure by Tenant to observe or perform any of the terms or conditions of this Lease to be observed or performed by Tenant other than the payment of Rent, or as provided below, unless such failure is cured within thirty (30) days after written notice, or such shorter period expressly provided elsewhere in this Lease (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure within such period and thereafter reasonably seeks to cure such failure to completion); (iii) failure by Tenant to comply with the Rules, unless such failure is cured within five (5) days after written notice (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure within period and thereafter reasonably seeks to cure such failure to completion); (iv) abandonment of the Premises; (v) (a) making by Tenant or any guarantor of this Lease (**"Guarantor"**) of any general assignment for the benefit of creditors, (b) filing by or against Tenant or any Guarantor of a petition to have Tenant or such Guarantor adjudged a

bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy (unless, in the case of a petition filed against Tenant or such Guarantor, the same is dismissed within sixty (60) days, (c) appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located on the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days, (d) attachment, execution or other judicial seizure of substantially all of Tenant's assets located on the Premises or of Tenant's interest in this Lease, (e) Tenant's or any Guarantor's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts, or (f) Tenant's or any Guarantor's insolvency or admission of an inability to pay its debts as they mature; (vi) any material misrepresentation herein, or material misrepresentation or omission in any financial statements or other materials provided by Tenant or any Guarantor in connection with negotiating or entering this Lease or by Tenant or any Guarantor in connection with any Transfer under Article 21; and (vii) cancellation of any guaranty of this Lease by any Guarantor. Failure by Tenant to comply with the same monetary term or condition of this Lease on three occasions during any twelve (12) month period shall cause any failure to comply with such term or condition during the succeeding twelve (12) month period, at Landlord's option, to constitute an incurable Default, if Landlord has given Tenant notice of each such failure within ten (10) days after each such failure occurs. The notice and cure periods provided herein are in lieu of, and not in addition to, any notice and cure periods provided by Law.

(B) **Remedies.** If a Default occurs and is not cured within any applicable time permitted under Paragraph (A), Landlord shall have the rights and remedies hereinafter set forth, which shall be distinct, separate and cumulative with and in addition to any other right or remedy allowed under any Law, or other provisions of this Lease:

(i) Landlord may terminate this Lease, repossess the Premises by detainer suit, summary proceedings or other lawful means, and recover as damages a sum of money equal to: (a) any unpaid Rent as of the termination date including interest at the Default Rate (as defined in Article 25), (b) any unpaid Rent which would have accrued after the termination date through the time of award including interest at the Default Rate, less such loss of Rent that Tenant proves could have been reasonably avoided, (c) any unpaid Rent which would have accrued after the time of award during the balance of the Term, less such loss of Rent that Tenant proves could be reasonably avoided, and (d) any other amounts necessary to compensate Landlord for all damages proximately caused by Tenant's failure to perform its obligations under this Lease, including without limitation all Costs of Reletting (as defined in Paragraph E). For purposes of computing the amount of Rent herein that would have accrued after the time of award, Tenant's Prorata Share of Taxes and Operating Expenses shall be projected, based upon the average rate of increase, if any, in such items from the Commencement Date through the time of award.

(ii) If Applicable Law permits, Landlord may terminate Tenant's right of possession and repossess the Premises by detainer suit, summary proceedings or other lawful means, without terminating this Lease (and if such Law permits, and Landlord shall not have expressly terminated the Lease in writing, any termination shall be deemed a termination of Tenant's right of possession only). In such event, Landlord may recover:

(a) any unpaid Rent as of the date possession is terminated, including interest at the Default Rate, (b) any unpaid Rent which accrues during the Term from the date possession is terminated through the time of award (or which may have accrued from the time of any earlier award obtained by Landlord through the time of award), including interest at the Default Rate, less any Net Re-Letting Proceeds (as defined in Paragraph E) received by Landlord during such period, and less such loss of Rent that Tenant proves could have been reasonably avoided, and (c) any other amounts necessary to compensate Landlord for all damages proximately caused by Tenant's failure to perform its obligations under this Lease, including without limitation, all Costs of Reletting (as defined in Paragraph E). Landlord may bring suits for such amounts or portions thereof, at any time or times as the same accrue or after the same have accrued, and no suit or recovery of any portion due hereunder shall be deemed a waiver of Landlord's right to collect all amounts to which Landlord is entitled hereunder, nor shall the same serve as any defense to any subsequent suit brought for any amount not theretofore reduced to judgment.

(C) **Specific Performance, Collection of Rent and Acceleration.** Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Paragraph (B), above or any Law or other provision of this Lease), without prior demand or notice except as required by applicable Law: (i) to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof, and (ii) to sue for and collect any unpaid Rent which has accrued. Notwithstanding anything to the contrary contained in this Lease, to the extent not expressly prohibited by applicable Law, in the event of any Default by Tenant not cured within any applicable time for cure hereunder, Landlord may terminate this Lease or Tenant's right to possession and accelerate and declare that all Rent reserved for the remainder of the Term shall be immediately due and payable (in which event, Tenant's Prorata Share of Taxes and Operating Expenses for the remainder of the Term shall be projected based upon the average rate of increase, if any, in such items from the Commencement Date through the date of such declaration); provided, Landlord shall, after receiving payment of the same from Tenant, be obligated to turn over to Tenant any actual Net Re-Letting Proceeds thereafter received during the remainder of the Term, up to the amount so received from Tenant pursuant to this provision.

(D) **Late Charges and Interest.** Tenant shall pay, as additional Rent, a service charge of Two Hundred Dollars ($200.00) for bookkeeping and administrative expenses, if Rent is not received within five (5) days after its due date and after Tenant's receipt of written notice, if such notice is explicitly required hereunder. In addition, Rent paid more than five (5) days after due shall accrue interest from the due date at the Default Rate (as defined in Article 25), until payment is received by Landlord. Such service charge and interest payments shall not be deemed consent by Landlord to late payments, nor a waiver of Landlord's right to insist upon timely payments at any time, nor a waiver of any remedies to which Landlord is entitled as a result of the late payment of Rent.

(E) **Certain Definitions. "Net Re-Letting Proceeds"** shall mean the total amount of rent and other consideration paid by any Replacement Tenants, less all Costs of Re-Letting, during a given period of time. **"Costs of Re-Letting"** shall include without limitation, all

reasonable costs and expenses incurred by Landlord for any repairs, maintenance, changes, alterations and improvements to the Premises, brokerage commissions, advertising costs, attorneys' fees, any customary free rent periods or credits, tenant improvement allowances, take-over lease obligations and other customary, necessary or appropriate economic incentives required to enter leases with Replacement Tenants, and costs of collecting rent from Replacement Tenants. **"Replacement Tenants"** shall mean any Persons (as defined in Article 25) to whom Landlord relets the Premises or any portion thereof pursuant to this Article.

(F) **Other Matters.** No re-entry or repossession, repairs, changes, alterations and additions, reletting, acceptance of keys from Tenant, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or accept a surrender of the Premises, nor shall the same operate to release the Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord or its agent to Tenant. To the fullest extent permitted by Law, all rent and other consideration paid by any Replacement Tenants shall be applied: first, to the Costs of Re-Letting, second, to the payment of any Rent theretofore accrued, and the residue, if any, shall be held by Landlord and applied to the payment of other obligations of Tenant to Landlord as the same become due (with any remaining residue to be retained by Landlord). Rent shall be paid without any prior demand or notice therefor (except as expressly provided herein) and without any deduction, set-off or counterclaim, or relief from any valuation or appraisement laws. Landlord may apply payments received from Tenant to any obligations of Tenant then accrued, without regard to such obligations as may be designated by Tenant. Landlord shall be under no obligation to observe or perform any provision of this Lease on its part to be observed or performed which accrues after the date of any Default by Tenant hereunder not cured within the times permitted hereunder. The times set forth herein for the curing of Defaults by Tenant are of the essence of this Lease. Tenant hereby irrevocably waives any right otherwise available under any Law to redeem or reinstate this Lease.

(G) **Mitigation.** In the event of a Default by Tenant, Landlord shall use reasonable efforts as required by applicable law to mitigate its damages and relet the Premises for the account of Tenant for such rent, for such time (which may be for a term extending beyond the Term of this Lease), in such portions and upon such other terms as Landlord in Landlord's sole discretion shall determine, and Landlord shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant relative to such reletting. Landlord may give priority over leasing the Premises to any other space Landlord desires to lease in the Building and shall not be required in any case to offer rent, length of term, or other terms for the Premises which are or would be less favorable to Landlord than those being offered for comparable space of Landlord in the Building.

ARTICLE 24

Landlord's Right To Cure and Landlord's Default

(A) If Tenant defaults in the performance of its obligations under this Lease, Landlord, without waiving such default, shall have the right (but not the obligation), after the expiration of any grace period specifically provided by this Lease, and after an additional one (1) business day written notice to Tenant of Landlord's right to exercise its self-help rights to perform such obligations at Tenant's expense, without further notice to Tenant. All actual costs and expenses, including reasonable counsel fees and disbursements, incurred by Landlord performing such obligation shall be deemed to be Rent under this Lease and shall be paid by

Tenant to Landlord within five (5) days of demand, with interest thereon at the Default Rate from the date incurred by Landlord if not so paid within five (5) days of demand.

(B) If Landlord shall fail to perform any term or provision under this Lease required to be performed by Landlord, Landlord shall not be deemed to be in default hereunder nor subject to any claims for damages of any kind, unless such failure shall have continued for a period of thirty (30) days after written notice thereof by Tenant; provided, if the nature of Landlord's failure is such that more than thirty (30) days are reasonably required in order to cure, Landlord shall not be in default if Landlord commences to cure such failure within such thirty (30) day period, and thereafter reasonably seeks to cure such failure to completion. The aforementioned periods of time permitted for Landlord to cure shall be extended for any period of time during which Landlord is delayed in, or prevented from, curing due to fire or other casualty, strikes, lock-outs or other labor troubles, shortages of equipment or materials, governmental requirements, power shortages or outages, acts or omissions by Tenant or other Persons, and other causes beyond Landlord's reasonable control.

If Landlord shall fail to cure within the times permitted for cure herein, Landlord shall be subject to such remedies as may be available to Tenant (subject to the other provisions of this Lease); provided, however, in recognition that Landlord must receive timely payments of Rent and operate the Property, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord, and shall have no right to withhold, set-off or abate Rent.

ARTICLE 25

Captions, Definitions And Severability

The captions of the Articles and Paragraphs of this Lease are for convenience of reference only and shall not be considered or referred to in resolving questions of interpretation. If any term or provision of this Lease shall be found invalid, void, illegal, or unenforceable with respect to any particular Person by a court of competent jurisdiction, it shall not affect, impair or invalidate any other terms or provisions hereof, or its enforceability with respect to any other Person, the parties hereto agreeing that they would have entered into the remaining portion of this Lease notwithstanding the omission of the portion or portions adjudged invalid, void, illegal, or unenforceable with respect to such Person.

(A) **"Building"** shall mean the structure identified in Article 1 of this Lease.

(B) **"Default Rate"** shall mean the prime rate of interest, as announced by The Wall Street Journal from time to time, plus five percent (5%) per annum, or the highest rate permitted by applicable Law, whichever shall be less.

(C) **"Holder"** shall mean the holder of any Mortgage or other instrument to secure debt at the time in question.

(D) **"Holidays"** shall mean all federally observed holidays, including New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, Christmas Day.

(E) **"Landlord"** and **"Tenant"** shall be applicable to one or more Persons as the case may be, and the singular shall include the plural, and the neuter shall include the masculine and

feminine; and if there be more than one, the obligations thereof shall be joint and several. For purposes of any provisions indemnifying or limiting the liability of Landlord, the term "Landlord" shall include Landlord's present and future partners, beneficiaries, trustees, officers, directors, employees, shareholders, principals, agents, affiliates, successors and assigns.

(F) **"Law"** shall mean all federal, state, county and local governmental and municipal laws, statutes, ordinances, rules, regulations, codes, decrees, orders and other such requirements, applicable equitable remedies and decisions by courts in cases where such decisions are considered binding precedents in the state in which the Property is located, and decisions of federal courts applying the Laws of such State.

(G) **"Lease Year"** shall mean each twelve (12) month annual period, commencing on the Commencement Date, without regard to calendar years.

(H) **"Mortgage"** shall mean all mortgages, deeds of trust, and other encumbrances now or hereafter placed upon the Property or Building, or any part thereof, and all renewals, modifications, consolidations, replacements, increases, spreaders or extensions thereof, and all indebtedness now or hereafter secured thereby and all interest thereon and all amounts payable thereunder.

(I) **"Operating Expenses"** shall mean all customary expenses, costs and amounts (other than Taxes) of every kind and nature which Landlord shall pay during any calendar year any portion of which occurs during the Term, because of or in connection with the ownership, management, repair, maintenance, restoration and operation of the Property, including without limitation, any amounts paid for: (a) utilities for the Property, including but not limited to electricity, power, gas, steam, oil or other fuel, water, sewer, lighting, heating, air conditioning and ventilating, (b) permits, licenses and certificates necessary to operate, manage and lease the Property, (c) insurance applicable to the Property, not limited to the amount of coverage Landlord is required to provide under this Lease, (d) supplies, tools, equipment and materials used in the operation, repair and maintenance of the Property, (e) accounting, legal, inspection, and other customary services provided to Comparable Buildings, (f) any equipment rental (or installment equipment purchase or equipment financing agreements), or management agreements (including the cost of any management fee actually paid thereunder not to exceed management fees of three percent (3%) of gross rents of the Building, as provided in **Exhibit C**), up to customary and reasonable amounts), (g) wages, salaries and other compensation and benefits (including the fair value of any parking privileges provided) for all persons engaged in the operation, maintenance or security of the Property, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits, (h) payments under any easement, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs in any planned development, and (i) operation, repair, and maintenance of all Systems and Equipment and components thereof (including replacement of components), janitorial service, alarm and security service, window cleaning, trash removal, elevator maintenance, riser management, cleaning of walks, parking facilities and building walls, removal of ice and snow, replacement of wall and floor coverings, ceiling tiles and fixtures in lobbies, corridors, restrooms and other common or public areas or facilities, maintenance and replacement of shrubs, trees, grass, sod and other landscaped items, irrigation systems, drainage facilities, fences, curbs, and walkways, re-paving and re-striping parking facilities, and roof repairs. If the Property is not at least ninety-five percent (95%) fully occupied during all or a portion of any calendar year, Landlord may, in accordance with sound management practices and generally accepted accounting principles

consistently applied, determine the amount of variable Operating Expenses (i.e., those items which vary according to occupancy levels) that would have been paid had the Property been fully occupied, and the amount so determined shall be deemed to have been the amount of variable Operating Expenses for such year. Notwithstanding the foregoing, Operating Expenses shall not, however, include:

(i) depreciation, interest, and amortization on Mortgages, and other debt costs or ground lease payments, if any; legal fees in connection with leasing, tenant disputes or enforcement of leases; real estate brokers' leasing commissions; improvements or alterations to tenant spaces; the cost of providing any service directly to and paid directly by, any tenant; any costs expressly excluded from Operating Expenses elsewhere in this Lease; costs of any items to the extent Landlord receives reimbursement from insurance proceeds or from a third party (such proceeds to be deducted from Operating Expenses in the year in which received); and

(ii) capital expenditures, except those: (a) made primarily to reduce Operating Expenses, or to comply with any Laws or other governmental requirements, or (b) for replacements (as opposed to additions or new improvements) of non-structural items located in the common areas of the Property required to keep such areas in good condition; provided, all such permitted capital expenditures (together with financing charges at the lowest reasonable market rate and terms then available to Landlord) shall be amortized for purposes of this Lease over their useful lives; and

(iii) The items listed on **Exhibit C** attached hereto.

(J) **"Person"** shall mean an individual, trust, partnership, joint venture, association, corporation, and any other entity.

(K) **"Property"** shall mean the Building, and any common or public areas or facilities, easements, corridors, lobbies, sidewalks, loading areas, driveways, landscaped areas, skywalks, parking garages and lots, and any and all other structures or facilities operated or maintained in connection with or for the benefit of the Building, and all parcels or tracts of land on which all or any portion of the Building or any of the other foregoing items are located, and any fixtures, machinery, equipment, apparatus, Systems and Equipment, furniture and other personal property located thereon or therein and used in connection therewith, whether title is held by Landlord or its affiliates. Possession of areas necessary for utilities, services, safety and operation of the Property, including the Systems and Equipment (as defined in Article 25), fire stairways, perimeter walls, space between the finished ceiling of the Premises and the slab of the floor or roof of the Property thereabove, and the use thereof together with the right to install, maintain, operate, repair and replace the Systems and Equipment, including any of the same in, through, under or above the Premises in locations that will not materially interfere with Tenant's use of the Premises, are hereby excepted and reserved by Landlord, and not demised to Tenant.

(L) **"Rent"** shall have the meaning specified therefor in Article 3(F).

(M) **"Systems and Equipment"** shall mean any plant, machinery, transformers, duct work, cable, wires, and other equipment, facilities, and systems designed to supply heat,

ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life/safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment for the Property.

(N) **"Taxes"** shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including without limitation, real estate taxes, general and special assessments, transit taxes, water and sewer rents, taxes based upon the receipt of rent including gross receipts or sales taxes applicable to the receipt of rent or service or value added taxes (unless required to be paid by Tenant under Article 17), personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, Systems and Equipment, appurtenances, furniture and other personal property used in connection with the Property which Landlord shall pay during any calendar year, any portion of which occurs during the Term (without regard to any different fiscal year used by such government or municipal authority) because of or in connection with the ownership, leasing and operation of the Property. Notwithstanding the foregoing, there shall be excluded from Taxes all excess profits taxes, transfer taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Property). If the method of taxation of real estate prevailing at the time of execution hereof shall be, or has been altered, so as to cause the whole or any part of the taxes now, hereafter or heretofore levied, assessed or imposed on real estate to be levied, assessed or imposed on Landlord, wholly or partially, as a capital levy or otherwise, or on or measured by the rents received therefrom, then such new or altered taxes attributable to the Property shall be included within the term "Taxes," except that the same shall not include any enhancement of said tax attributable to other income of Landlord. Any actual reasonable expenses incurred by Landlord in attempting to protest, reduce or minimize Taxes shall be included in Taxes in the calendar year such expenses are paid. Tax refunds shall be deducted from Taxes in the year they are received by Landlord. If Taxes for any period during the Term or any extension thereof, shall be increased after payment thereof by Landlord, for any reason including without limitation error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Prorata Share of such increased Taxes. Tenant shall pay increased Taxes whether Taxes are increased as a result of increases in the assessment or valuation of the Property (whether based on a sale, change in ownership or refinancing of the Property or otherwise), increases in the tax rates, reduction or elimination of any rollbacks or other deductions available under current law, scheduled reductions of any tax abatement, as a result of the elimination, invalidity or withdrawal of any tax abatement, or for any other cause whatsoever. Notwithstanding the foregoing, if any Taxes shall be paid based on assessments or bills by a governmental or municipal authority using a fiscal year other than a calendar year, Landlord may elect to average the assessments or bills for the subject calendar year, based on the number of months of such calendar year included in each such assessment or bill. All Taxes which are special assessments payable in installments shall be paid over the longest possible period permitted before such assessments become delinquent, however, in such event Taxes shall include any interest or other charges imposed thereon by the taxing authority.

(O) **"Tenant's Prorata Share"** of Taxes and Operating Expenses shall be 18.64% until the 16th Floor Commencement Date, and thereafter, Tenant's Prorata share shall be 24.85%, provided, however, if Tenant exercises its right to terminate this Lease with respect to

the 16th Floor Premises as provided in Article 41 herein, then Tenant's Prorata Share shall remain 18.64%.

ARTICLE 26

Conveyance By Landlord And Liability

In case Landlord or any successor owner of the Property or the Building shall convey or otherwise dispose of any portion thereof in which the Premises are located, to another Person (and nothing herein shall be construed to restrict or prevent such conveyance or disposition), such other Person shall thereupon be and become landlord hereunder and shall be deemed, subject to the terms of Article 19, to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord which first arise after the date of conveyance, and Tenant shall attorn to such other Person, and Landlord or such successor owner shall, from and after the date of conveyance, be free of all liabilities and obligations hereunder arising after the date of such conveyance or disposition. The liability of Landlord to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration, or any other matter relating to the Property or the Premises, shall be limited to the interest of Landlord in the Property and the proceeds from the sale thereof. Tenant agrees to look solely to Landlord's interest in the Property and the proceeds from the sale thereof for the recovery of any judgment against Landlord, and Landlord shall not be personally liable for any such judgment or deficiency after execution thereon. The limitations of liability contained in this Article shall apply equally and inure to the benefit of Landlord's present and future members, partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future member of Landlord (if Landlord is a limited liability company), general or limited partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust) have any liability for the performance of Landlord's obligations under this Lease.

ARTICLE 27

Indemnification

Except to the extent arising from the intentional misconduct or negligence of Landlord or Landlord's agents or employees, Tenant shall defend, indemnify and hold harmless Landlord and each Holder from and against any and all claims, demands, liabilities, damages, judgments, orders, decrees, actions, proceedings, fines, penalties, costs and expenses, including without limitation, court costs and attorneys' fees arising from or relating to any loss of life, damage or injury to person, property or business occurring in or from the Premises or the Parking Space, or caused by or in connection with any violation of this Lease or use of the Premises, the Parking Space or the Property by, or any other act or omission of, Tenant, any other occupant of the Premises, or any of their respective agents, employees, contractors or guests. Without limiting the generality of the foregoing, Tenant specifically acknowledges that the indemnity undertaking herein shall apply to claims in connection with or arising out of any "Work" as described in Article 8, the installation, maintenance, use or removal of any "Lines" located in or serving the Premises as described in Article 29, and the transportation, use, storage, maintenance, generation, manufacturing, handling, disposal, release or discharge of any "Hazardous Material" as described in Article 30 (whether or not any of such matters shall have been theretofore

approved by Landlord), except to the extent that any of the same arises from the intentional misconduct or negligent acts of Landlord or Landlord's agents or employees.

Except to the extent arising from the intentional misconduct or negligent acts of Tenant or Tenant's agents or employees or prohibited by Law, Landlord shall defend, indemnify and hold Tenant harmless from and against any and all claims, demands, liabilities, damages, judgments, orders, decrees, actions, proceedings, fines, penalties, costs and expenses, including without limitation, court costs and attorneys' fees arising from or relating to any loss of life, damage or injury to person, property or business
occurring in or from the common area of the Property (expressly excluding the Parking Space), or caused by or in connection with any negligent act or omission or violation of this Lease by Landlord, its agents, employees, contractors or guests.

ARTICLE 28

Safety And Security Devices, Services And Programs

The parties acknowledge that safety and security devices, services and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts, or ensure safety of persons or property. The risk that any safety, or security device, service or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses, as further described in Article 11. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

ARTICLE 29

Communications And Computer Lines

Tenant may install, maintain, replace, remove or use any communications or computer wires, cables and related devices (collectively the **"Lines"**) at the Property in or serving the Premises, provided: (a) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Article 8, (b) any such installation, maintenance, replacement, removal or use shall comply with all Laws applicable thereto and good work practices, and shall not interfere with the use of any then existing Lines at the Property, (c) Tenant shall not use a number of spare Lines disproportionate to the Tenant's Prorata Share of space in the Building, (d) if Tenant at any time uses any equipment that may create an electromagnetic field exceeding the normal insulation ratings of ordinary twisted pair riser cable or cause radiation higher than normal background radiation, the Lines therefor (including riser cables) shall be appropriately insulated to prevent such excessive electromagnetic fields or radiation, (e) Tenant's rights shall be subject to the rights of any regulated telephone company, and (f) Tenant shall pay all reasonable costs in connection therewith. Landlord shall at all times maintain exclusive control over all risers (including, without limitation, their use) located at the Property but shall provide reasonable access to such risers, which may be through a riser management company. Landlord reserves the right to require that Tenant remedy and subsequently remove any Lines located in or serving the Premises which are installed in violation of these provisions if Tenant is unable to remedy such defects, or which are at any time

in violation of any Laws or represent a dangerous or potentially dangerous condition (if such Lines were installed by Tenant or any other party) at the discretion of Tenant, within three (3) days after written notice.

Landlord may (but shall not have the obligation to): (i) install new Lines at the Property (ii) create additional space for Lines at the Property, and (iii) reasonably direct, monitor and/or supervise, through a riser management company, if Landlord so elects, the installation, maintenance, replacement and removal of, the allocation and periodic re-allocation of available space (if any) for, and the allocation of excess capacity (if any) on, any Lines now or hereafter installed at the Property by Landlord, Tenant or any other party (but Landlord shall not monitor or control the information transmitted through such Lines). Such rights shall not be in limitation of other rights that may be available to Landlord by Law or otherwise. If Landlord exercises any such rights, Landlord may charge Tenant for the costs attributable to Tenant, or may include those costs and all other costs in Operating Expenses under Article 25 (including without limitation, costs for acquiring and installing Lines and risers to accommodate new Lines and spare Lines, any associated computerized system and software for maintaining records of Line connections, riser management fees, and the fees of any consulting engineers and other experts); provided, any capital expenditures included in Operating Expenses hereunder shall be amortized (together with reasonable finance charges) over the period of time prescribed by Article 25.

Except to the extent arising from the intentional or negligent acts of Landlord or Landlord's agents or employees, Landlord shall have no liability for damages arising from, and Landlord does not warrant that the Tenant's use of any Lines will be free from the following (collectively called **"Line Problems"**): (x) any eavesdropping or wire-tapping by unauthorized parties not controlled by Landlord, (y) any failure of any Lines to satisfy Tenant's requirements, or (z) any shortages, failures, variations, interruptions, disconnections, loss or damage caused by the installation, maintenance, replacement, use or removal of Lines by or for other tenants or occupants at the Property, by any failure of the environmental conditions or the power supply for the Property to conform to any requirements for the Lines or any associated equipment, or any other problems associated with any Lines by any other cause. Under no circumstances shall any Line Problems be deemed an actual or constructive eviction of Tenant, render Landlord liable to Tenant for abatement of Rent, or relieve Tenant from performance of Tenant's obligations under this Lease. Landlord in no event shall be liable for damages by reason of loss of profits, business interruption or other consequential damage arising from any Line Problems. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE 30

Hazardous Materials

Tenant shall not transport, use, store, maintain, generate, manufacture, handle, dispose, release or discharge any **"Hazardous Material"** (as defined below) upon or about the Property, nor permit Tenant's employees, agents, contractors, and other occupants of the Premises to engage in such activities upon or about the Property. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within, the Premises of substances customarily used in offices (or such other business or activity expressly permitted to be undertaken in the Premises under Article 6), provided: (a) such substances shall be used and maintained only in such quantities as are reasonably necessary for such permitted use of the Premises, strictly in accordance with applicable Law and the

manufacturers' instructions therefor, (b) such substances shall not be disposed of, released or discharged on the Property, and shall be transported to and from the Premises, and the Parking Space, in compliance with all applicable Laws, and as Landlord shall reasonably require, (c) if any applicable Law or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to scheduling and approval by Landlord), and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances in the Premises, and the Parking Space, and (d) any remaining such substances shall be completely, properly and lawfully removed from the Property upon expiration or earlier termination of this Lease (substances in compliance with this sentence are hereinafter called **"Permitted Substances"**).

To the extent Tenant becomes aware or receives notice, Tenant shall promptly notify Landlord of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Premises, or the Parking Space or the migration thereof from or to other property, (ii) any demands or claims made or threatened by any party against Tenant, the Premises or the Parking Space relating to any loss or injury resulting from any Hazardous Material, (iii) any release, discharge or nonroutine, improper or unlawful disposal or transportation of any Hazardous Material on or from the Premises or the Parking Space, and (iv) any matters where Tenant is required by Law to give a notice to any governmental or regulatory authority respecting any Hazardous Materials on the Premises or the Parking Space. Landlord shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Premises, or the Parking Space, initiated in connection with any environmental, health or safety Law. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list identifying any Hazardous Material then used, stored, or maintained upon the Premises or the Parking Space (excluding Permitted Substances), the use and approximate quantity of each such material, a copy of any material safety data sheet (**"MSDS"**) issued by the manufacturer therefor, written information concerning the removal, transportation and disposal of the same, and such other information as Landlord may reasonably require or as may be required by Law. The term **"Hazardous Material"** for purposes hereof shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of an MSDS.

If any Hazardous Material is released, discharged or disposed of by Tenant or any other occupant of the Premises, or their employees, agents or contractors, on or about the Property in violation of the foregoing provisions, Tenant shall immediately, properly and in compliance with applicable Laws clean up and remove the Hazardous Material from the Property and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense. Such clean up and removal work shall be subject to Landlord's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Landlord. If Tenant shall fail to comply with the provisions of this Article within five (5) days after written notice by Landlord, or such shorter time as may be required by Law or in order to minimize any hazard to Persons or property, Landlord may (but shall not be obligated to) arrange for such compliance

directly or as Tenant's agent through contractors or other parties selected by Landlord, at Tenant's expense (without limiting Landlord's other remedies under this Lease or applicable Law). If any Hazardous Material is released, discharged or disposed of on or about the Property and such release, discharge or disposal is not caused by Tenant or other occupants of the Premises, or their employees, agents or contractors, such release, discharge or disposal shall be deemed casualty damage under Article 10 to the extent that the use and occupancy of the Premises, the Parking Space, or common areas serving the Premises are impaired thereby; in such case, Landlord and Tenant shall have the obligations and rights respecting such casualty damage provided under Article 10. To the extent that any Hazardous Materials in the Property (other than those released, discharged, or disposed of by Tenant, or its employees, agents, or contractors) are required to be remediated by order of any governmental authority pursuant to any Law, then Landlord at no cost to Tenant shall promptly remediate or cause remediation of such Hazardous Materials, or if such prompt remediation is not commercially reasonable, then Landlord shall so notify Tenant and such condition shall also be treated as casualty damage under Article 10. Landlord hereby represents to Tenant that Landlord has received no written notice of any current violation of Law with respect to any Hazardous Material in the Property.

ARTICLE 31

Miscellaneous

(A) Each of the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, guardians, custodians, successors and assigns, subject to the provisions of Article 21 respecting Transfers:

(B) Neither this Lease nor any memorandum of lease or short form lease shall be recorded by Tenant.

(C) This Lease shall be construed in accordance with the Laws of the state in which the Property is located.

(D) All obligations or rights of either party arising during or attributable to the period ending upon expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

(E) Landlord agrees that, if Tenant timely pays the Rent and performs the terms and provisions hereunder, and subject to all other terms and provisions of this Lease, Tenant shall hold and enjoy the Premises during the Term, free of lawful claims by any Person acting by or through Landlord.

(F) This Lease does not grant any legal rights to "light and air" outside the Premises nor any particular view or cityscape visible from the Premises.

(G) Tenant shall provide Landlord with a copy of Tenant's audited financial statements within one hundred twenty (120) days after the end of Tenant's fiscal year or if Tenant does not audit its financial statements, Tenant shall provide Landlord with a certificate from its Chief Financial Officer certifying its then current unaudited financial statements as true, complete, and current.

(H) Tenant represents and warrants to Landlord that as of the Effective Date, there has been no material adverse change in Tenant's financial condition from the date of the most recent financial statements provided by Tenant to Landlord.

ARTICLE 32

Offer

The submission and negotiation of this Lease shall not be deemed an offer to enter the same by Landlord, but the solicitation of such an offer by Tenant. Tenant agrees that its execution of this Lease constitutes a firm offer to enter the same which may not be withdrawn for a period of five (5) business days after delivery to Landlord (or such other period as may be expressly provided in any other agreement signed by the parties). During such period and in reliance on the foregoing Landlord may, at Landlord's option (and shall, if required by applicable Law), deposit any security deposit and Rent (provided that Tenant shall not be required to provide the foregoing until execution and delivery of this Lease), and proceed with any plans, specifications, alterations or improvements, and permit Tenant to enter the Premises, but such acts shall not be deemed an acceptance of Tenant's offer to enter this Lease, and such acceptance shall be evidenced only by Landlord signing and delivering this Lease to Tenant.

ARTICLE 33

Notices

Except as expressly provided to the contrary in this Lease, every notice or other communication to be given by either party to the other with respect hereto or to the Premises or Property, shall be in writing and shall not be effective for any purpose unless the same shall be served personally or by national air courier service, or United States certified mail, return receipt requested, postage prepaid, addressed, if to Tenant, at the address first set forth in the Lease Attention: Lease Administrator, until the Commencement Date, and thereafter to the Tenant at the Premises Attention: Lease Administrator, with a copy to Tenant at 550 West Van Buren Street, Chicago, Illinois 60607, Attention: General Counsel, and if to Landlord, at the address at which the last payment of Rent was required to be made and to Union Tower, LLC, c/o Principal Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001, Attention: Darren Kleis, or such other address or addresses as Tenant or Landlord may from time to time designate by notice given as above provided. Every notice or other communication hereunder shall be deemed to have been given as of the third business day following the date of such mailing (or as of any earlier date evidenced by a receipt from such national air courier service or the United States Postal Service) or immediately if personally delivered. Notices not sent in accordance with the foregoing shall be of no force or effect until received by the foregoing parties at such addresses required herein.

ARTICLE 34

Real Estate Brokers

Tenant represents that Tenant has dealt only with U.S. Equities Asset Management, L.L.C. and Jones Lang LaSalle (whose commissions, if any, shall be paid by Landlord pursuant to separate agreement) as broker, agent or finder in connection with this Lease and agrees to indemnify and hold Landlord and its members and agents harmless from all damages,

judgments, liabilities and expenses (including reasonable attorneys' fees) arising from any claims or demands of any other broker, agent or finder with whom Tenant has dealt for any commission or fee alleged to be due in connection with its participation in the procurement of Tenant or the negotiation with Tenant of this Lease.

ARTICLE 35

Security Deposit

Tenant shall deposit with Landlord a letter of credit (as described below) in the initial amount of Seven Hundred Fifty Thousand Dollars ($750,000.00) or cash as a security deposit (**"Security Deposit"**), within five (5) business days after Tenant's execution and submission of this Lease. The amount of the Security Deposit shall increase to One Million Five Hundred Thousand Dollars ($1,500,000.00) on the earlier of (i) February 1, 2004, or (ii) prior to Tenant's commencement of any Work in the 17th Floor Premises (as evidenced by Tenant's bringing in any trades). The letter of credit shall be an unconditional, stand-by, irrevocable non-documentary letter of credit substantially in the form attached hereto as **Exhibit D**, issued by a federally insured national banking association having offices for banking purposes in the City of Chicago with a net worth in excess of $100,000,000.00 or otherwise reasonably acceptable to Landlord. The letter of credit shall have an expiration date no earlier than the Expiration Date or shall be renewed or replaced annually through the Expiration Date, in which event Tenant shall submit to Landlord original amendments extending the expiration date of the letter of credit (or replacement letters of credit with extended expiration dates), on an annual basis no later than the date that is 30 days prior to the expiration date of the letter of credit then in effect. Failure to so extend the expiration date of the letter of credit through the Expiration Date in the foregoing manner shall constitute a Default under this Lease, entitling Landlord, in addition to all other remedies, to draw down the letter of credit without notice to Tenant and to hold or apply the proceeds thereof as a Security Deposit. The letter of credit shall either be freely transferable or, upon any transfer of Landlord's interest in the Property, Tenant shall promptly (within ten (10) business days) at Tenant's expense procure a replacement letter of credit to a new beneficiary designated by Landlord, provided, however, that Tenant shall not be required to incur such transfer fees more than once during any twelve (12) month period.

The Security Deposit shall serve as security for the prompt, full and faithful performance by Tenant of the terms and provisions of this Lease. In the event that Tenant is in Default hereunder and fails to cure within any applicable time permitted under this Lease in excess of amounts owed by Landlord to Tenant (if any), or in the event that Tenant owes any amounts to Landlord upon the expiration of this Lease, Landlord may draw on the Security Deposit and use or apply the whole or any part of the Security Deposit for the payment of Tenant's obligations hereunder, provided that Landlord shall provide Tenant with concurrent written notice setting forth the amount of the Security Deposit that Landlord intends to draw. The use or application of the Security Deposit or any portion thereof shall not prevent Landlord from exercising any other right or remedy provided hereunder or under any Law and shall not be construed as liquidated damages. In the event the Security Deposit is reduced by such use or application, Tenant shall restore the letter of credit to the then required amount of the Security Deposit within ten (10) days after written notice.

Notwithstanding the foregoing, and provided no Default exists (after expiration of notice and cure periods, if any, expressly provided herein), Tenant shall have the right to reduce the Security Deposit by 20% per Lease Year commencing on April 1, 2006, and on April 1 of each

Lease Year thereafter (e.g., to $1,200,000 on April 1, 2006; to $960,000 on April 1, 2007; to $768,000 on April 1, 2008; and so on). In the event that the Tenant elects to terminate this Lease as to the 16th floor Premises as permitted by Article 41, then such annual 20% reductions shall commence on April 1, 2005 rather than April 1, 2006. However, notwithstanding the foregoing, in no event shall the Security Deposit be reduced to less than two (2) full months Base Rent plus two (2) full months of Taxes and Operating Expenses then payable by Tenant.

If the drawn portion of the Security Deposit is applied to an obligation from Tenant to Landlord, and such amount is sufficient to cure the applicable Default in full by Tenant, then the applied amount shall satisfy such amount in full. If Landlord does not apply such drawn amount to an obligation from Tenant to Landlord, then such drawn amount, to the extent not utilized, shall be considered a cash Security Deposit, the outstanding balance of which shall be returned to Tenant promptly after termination of the Lease. If Landlord draws upon the Security Deposit for any reason not permitted by this Section 35, then Landlord shall be obligated upon at least three (3) business days written notice from Tenant, promptly to deliver such drawn amount to Tenant, and failure to do so shall be deemed a default by Landlord hereunder.

ARTICLE 36

Americans With Disabilities Act

The parties acknowledge that Title III of the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to here as the **"ADA"**) established requirements for accessibility and barrier removal, and that such requirements may or may not apply to the Premises and Property depending on, among other things: (1) whether Tenant's business is deemed a "public accommodation" or "commercial facility", (2) whether such requirements are "readily achievable", and (3) whether a given alteration affects a "primary function area" or triggers "path of travel" requirements. The parties hereby agree that: (a) Landlord shall be responsible for ADA Title III compliance on the common areas of the Property and in the Building common areas and in the common area lobby restrooms, (b) Tenant shall be responsible for ADA Title III compliance in the Premises, and (c) Landlord may perform, or require that Tenant perform, and Tenant shall be responsible for the cost of, ADA Title III "path of travel" requirements triggered by alterations in the Premises. Landlord shall deliver the Premises to Tenant with all Base Building Work completed in accordance with the ADA. Tenant shall be solely responsible for requirements under Title I of the ADA relating to Tenant's employees.

ARTICLE 37

Option To Extend

Tenant is hereby granted two (2) options to extend the Term for an additional period of five (5) consecutive years each (an **"Extension Period"**), on the same terms and conditions in effect under the Lease immediately prior to each Extension Period, except that Tenant shall have no further right to extend after the second Extension Period, and monthly Base Rent during the Extension Periods shall be the then Prevailing Rental Rate. If Tenant exercises an option to extend, such extension shall apply to the entire Premises, including all Expansion Space that has been added to the Premises pursuant to Article 40 hereof. The option to extend may be exercised only by giving Landlord irrevocable and unconditional written notice thereof

(the **"Extension Notice"**) no earlier than twenty four (24) months and no later than twelve (12) months prior to the commencement of each Extension Period. Such exercise shall, at Landlord's election, be null and void if Tenant is in Default under the Lease beyond any applicable cure period at the date of such notice or at any time thereafter and prior to commencement of the applicable Extension Period. Upon delivery of the Extension Notice, Tenant shall be irrevocably bound to lease the Premises for the Extension Period (notwithstanding the absence of an agreement over the Prevailing Rental Rent [as defined below]).

For purposes of this Article 37, **"Prevailing Rental Rate"** means the average per square foot rental rate per year for all new leases for renewal periods approximately as long as the Extension Period, executed by tenants of similar size, credit quality or stature for similar uses and terms substantially as long as the extension period for similar multi story buildings of comparable quality and age in the vicinity of the Property (**"Comparable Buildings"**) during the twelve (12) months immediately prior to the date upon which such Prevailing Rental Rate is to become effective, where such renewal rates were not set by the terms of such leases. In all cases, such rates shall take, into consideration the location, quality and age of the building, floor level, extent of leasehold improvements (existing or to be provided), rental abatements, lease takeovers/assumptions, parking charges, commissions, tenant procurement costs, moving expenses and other concessions for the benefit of Tenant, term of lease, extent of services to be provided, distinction between "gross" and "net" lease, base year or amount allowed by Landlord for payment of building operating expenses (expense stop), and the time the particular rental rate under consideration became or is to become effective, or any other relevant term or condition.

If the parties are unable to agree on the Prevailing Rental Rate within one hundred eighty (180) days prior to the commencement of the Extension Period, then the Prevailing Rental Rate shall be determined by appraisal as provided below (the **"Appraisal Method"**). Landlord and Tenant shall attempt to agree on a single appraiser (the **"First Appraiser"**) who shall be a member of the American Institute of Real Estate Appraisers, hereinafter referred to as the **"Institute"** (or any successor association or body of comparable standing if the Institute is not then in existence). If Landlord and Tenant shall fail to agree on the choice of the First Appraiser within ten (10) business days after demand by either party, then each shall select an appraiser within five (5) business days after the expiration of the prior ten (10) business-day period. If either Landlord or Tenant shall fail to appoint an appraiser, then the appraiser appointed by the non-appointing party shall select the second appraiser within five (5) business days after the expiration of the applicable five (5) business-day period referred to above. The two appraisers thus selected shall select, within ten (10) business days after their appointment, a third appraiser (the **"Third Appraiser"**). If the two appraisers so selected shall be unable to agree on the selection of the Third Appraiser, then either appraiser, on behalf of both, shall request such appointment by the Institute. Any appraiser appointed or selected hereunder shall be a member in good standing of the Institute and hold the highest general designation of membership therein. The determination of the Prevailing Rental Rate by the First Appraiser or the Third Appraiser, if selected as provided herein, shall be binding on Landlord and Tenant.

If the parties elect to use the Appraisal Method, the Prevailing Rental Rate for the Extension Period shall be determined by the First Appraiser or the Third Appraiser, as applicable, based upon customary and usual appraisal techniques of expert appraisers as of the scheduled commencement date of the applicable Extension Period but in conformance with the definition of Prevailing Market Rent provided herein. As used herein, the term **"Final Arbiter"**

means the First Appraiser or, if selected, the Third Appraiser. Each of Landlord and Tenant shall submit to the Final Arbiter its detailed analysis of its proposed Prevailing Rental Rate. If either Landlord or Tenant fails to submit a proposed Prevailing Rental Rate within ten (10) days of written notice of the selection or appointment of the Final Arbiter, then the Prevailing Rental Rate proposed by the party that has submitted a proposed Prevailing Rental Rate shall be binding on the parties.

The Final Arbiter shall request in writing that Landlord and Tenant provide any supplemental information that may be necessary for the Final Arbiter to render a decision regarding the Prevailing Rental Rate. The Final Arbiter shall hold a hearing, upon not less than ten (10) days written notice to Landlord and Tenant, and not later than twenty (20) days following selection of the Final Arbiter, at which Landlord and Tenant shall have the opportunity to explain and justify the Prevailing Rental Rate proposed by each party. Any party not attending such hearing shall have waived its right to defend its proposal at a hearing provided that such party received prior notice of such hearing. The Final Arbiter shall prepare a written report of his or her determination of the Prevailing Rental Rate and deliver a copy to Landlord and a copy to Tenant within thirty (30) days of the selection or appointment of the Final Arbiter. The Final Arbiter shall select the Prevailing Rental Rate proposed by either Landlord or Tenant and shall not be entitled to choose any other Prevailing Rental Rate or to make a determination based upon the average of the Prevailing Rental Rates proposed by Landlord and Tenant. The determination of the Final Arbiter shall be final and binding upon the parties.

If the Appraisal Method is used to determine the Prevailing Rental Rate, then the reasonable fees and expenses of the appraisers involved in the process, including the fees and expenses of the Final Arbiter, shall be shared equally by Landlord and Tenant.

If Tenant shall fail to exercise the option herein provided, such option shall terminate, and shall be null and void and of no further force and effect. Tenant's exercise of such option shall not operate to cure any default by Tenant of any of the terms or provisions in the Lease, nor to extinguish or impair any rights or remedies of Landlord arising by virtue of such default. If the Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise the option herein provided, then immediately upon such termination, sublease or assignment, the option herein granted to extend the Term, shall simultaneously terminate and become null and void. Time is of the essence of this provision.

ARTICLE 38

Signs

Subject to the conditions of this Article, Tenant shall have the exclusive option to affix a sign bearing its name on the west side of the top of the Building (the **"Sign"**) to replace the existing sign thereon at no additional monthly or annual fees (other than Rent due hereunder). If Tenant exercises the option herein provided, Tenant shall, at Tenant's sole cost and expense, remove any existing signage and install the Sign, and Tenant shall maintain same at Tenant's expense, which maintenance obligation shall be subject to all the provisions of this Lease, including, without limitation, Article 9. If Tenant fails to maintain same to Landlord's reasonable satisfaction, Landlord may perform such maintenance after reasonable prior written notice to Tenant and charge Tenant, as additional Rent, for the actual costs and expenses incurred by Landlord in maintaining same. The following provisions shall apply to Tenant's sign rights:

(A) All aspects of Tenant's signage, including, without limitation, the location, size, design, materials, construction, proposed means of installation, exact location, illumination, content and color thereof, shall be subject to Landlord's approval, which may not be unreasonably withheld. All aspects of Tenant's signage shall comply with all applicable Laws, codes and ordinances. In addition, Landlord shall be entitled to consider the existence, size and location of other structures, other signs, and the proximity of the Sign to the perimeter of the roof in determining whether to approve the proposed location of the Sign. Tenant shall not install any sign or make any alterations, additions or improvements to any sign, until Landlord has approved in writing professionally prepared sign plans submitted by Tenant showing the design, size, content, color and quality of materials of the sign, and whether it will be illuminated, and Tenant has obtained any permits or approvals required by applicable Law. Without limitation on the foregoing, in no event will the Sign contain flashing or blinking lights or bulbs.

(B) The sign rights granted in this Article 38 are personal to Tenant. Under no circumstances whatsoever shall the assignee under a partial assignment of the Lease or an assignee of an assignment of Tenant's entire interest in the Lease, or a subtenant under a sublease of the Premises, have or enjoy any of the sign rights granted in this Article 38, unless such assignee or sublessee has been approved by Landlord in accordance with this Lease and occupies (and continues thereafter to occupy) at least two (2) full floors in the Building. If such conditions are not satisfied, then Landlord shall have the option to terminate Tenant's right to use the Sign by written notice to Tenant, and in such event, the Base Rent shall be reduced by $3,000.00 per month (or, alternatively, by $5,000.00 per month if Tenant has exercised its termination option in writing as provided in Article 41 of this Lease) effective as of the date such Sign is removed from the Building, however, Landlord shall have the right at its sole option not to terminate Tenant's signage right and to continue to collect such $3,000 or $5,000, as the case may be. Upon termination of this Lease or Tenant's earlier vacation of the Premises or written request, Landlord shall, at Tenant's sole cost, remove the Sign and make any necessary repairs to the Property caused by the installation or removal of same.

(C) Notwithstanding anything in this Article to the contrary, Tenant's sign right with respect to the Sign shall not commence prior to the Effective Date.

(D) Tenant shall have the non-exclusive right to have Tenant's name on the Building directory and on the exterior monument sign, at no cost to Tenant, provided that such right shall be subject to (A) and (B) of this Article 38, and further provided that Tenant's name on the monument and Building directory signage shall be consistent in size and format with identification of other tenants.

(E) Landlord shall not permit any other occupant of the Building who is a direct competitor of Tenant to affix any sign to the top of the Building, and as long as Tenant is occupying at least two (2) full floors, Landlord shall not list any of the following firms on the monument sign located outside of the Building: FTI Consulting, Navigant Consulting, or Alex Partners.

ARTICLE 39

Parking

Landlord hereby grants to Tenant and persons designated by Tenant a license to use one (1) parking space per floor contained within the Premises from time to time (the **"Parking**

Spaces”) in the parking area of the Building. Tenant shall notify Landlord in writing prior to the Commencement Date whether Tenant has elected to use all three (3) spaces initially; and if Tenant elects to do so, Tenant shall initially pay $335 per month per space for the Parking Spaces Tenant has elected to use, which shall be due and payable at the same time as Base Rent under this Lease. If Tenant elects not to use any or all of such three (3) spaces initially, Tenant shall still have the option to notify Landlord that Tenant has elected to resume use of such spaces, provided that Landlord receives written notice of such election at least ninety (90) days before such use resumes. If Tenant so notifies Landlord, then Tenant shall be required to continue to use such Parking Spaces for at least twelve (12) continuous months. Notwithstanding the foregoing, a fourth (4th) parking space shall be available to Tenant when Tenant commences Construction of the 16th Floor Premises. The monthly charge for the Parking Spaces shall be modified on an annual basis to reflect the prevailing market rate charged by Landlord for Parking Spaces in the parking area of the Building. Tenant shall at all times comply with all Laws respecting Tenant’s use of the parking areas of the Building. Except for intentional acts or gross negligence, Landlord shall have no liability whatsoever for any damage to property or any other items located in the parking areas of the Building, nor for any personal injuries or death arising out of any matter relating to the parking areas of the Building and Tenant’s use thereof, and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant’s employees look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the parking areas of the Building. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or Landlord’s agents. Landlord reserves the right to adopt, modify and enforce reasonable Rules governing the use of the parking areas of the Building, including any key-card, sticker or other identification or entrance system, and hours of operation. Landlord may refuse to permit any person who violates such Rules to park at the Building, and violation of such Rules shall subject the car to removal from the Property. Landlord reserves the right to assign specific spaces and to reserve spaces for visitors, small cars, handicapped persons and for other tenants, guests of tenants or other parties, and Tenant and persons designated by Tenant hereunder shall not park in any such assigned or reserved spaces. Landlord also reserves the right to close all or any portion of the parking areas in order to make repairs or perform maintenance services to the Building or the parking areas of the Building, or to alter, modify, re-stripe or renovate the parking areas, provided, however, Landlord will notify Tenant in writing prior to commencing any Work in the parking garage which would prevent Tenant from using any of its Parking Spaces, and if Tenant is prevented from using such Parking Spaces for two (2) consecutive business days or more due to such Work, then thereafter Tenant’s monthly parking charges shall abate on a day-by-day basis with respect to such unusable Parking Spaces until Tenant is able to resume such use. Landlord reserves the right to monitor Tenant’s usage of the Parking Space and remove or refuse entrance to any vehicles which exceed the number of spaces provided to Tenant in this Article.

The rights to the Parking Spaces provided herein are personal to Tenant. Under no circumstance whatsoever shall the assignee under a complete or partial assignment of the Lease, or a subtenant under a complete or partial sublease of the Premises, have any rights with respect to the Parking Spaces unless such assignee or sublessee is a Permitted Transferee (as defined herein).

ARTICLE 40

Expansion Option

Subject to the terms hereof, Tenant shall have the ongoing expansion option set forth in this Article 40 with respect to the "Expansion Space." Landlord hereby grants Tenant the option (the **"Expansion Option"**) to lease the 6th, 7th, 10th, and 15th floors (the **"Expansion Space"**) of the Building, effective at such time as any portion of the Expansion Space is "available to lease," on the same terms and conditions in effect under this Lease, except as otherwise provided herein and except that the monthly Base Rent with respect to the Expansion Space or applicable portion thereof shall be the then Prevailing Rental Rate (as defined below). The term **"available to lease"** means the date that the applicable portion of the Expansion Space is not subject to a lease or sublease (or renewal thereof) by any occupant of the Building. In the event that Tenant terminates this Lease with respect to the 16th Floor Premises as permitted by Article 41, then the Expansion Space shall be deemed to include the 16th floor but not the 15th floor of the Building. If Tenant timely exercises any Expansion Option, the Expansion Space or applicable portion thereof shall be added to and become a part of the Premises demised under this Lease, effective on the Expansion Date. The lease term of the Expansion Space shall expire on the Expiration Date as provided below.

Landlord shall give Tenant written notice (**"Landlord's Notice"**) of the Expansion Date (the **"Expansion Date"**) with respect to any portion of the Expansion Space which will be available to Lease not less than six (6) months nor more than one (1) year prior to the Expansion Date. If Tenant elects to exercise any Expansion Option, Tenant must deliver written notice thereof (the **"Expansion Option Notice"**) to Landlord within fifteen (15) business days of Tenant's receipt of Landlord's Notice, otherwise Tenant shall be deemed to have waived its right to exercise the Expansion Option with respect to the portion of the Expansion Space described in the Landlord's Notice. Tenant shall be required to respond to the Expansion Option with respect to all of the Expansion Space described in Landlord's Notice. Time shall be of the essence with respect to Tenant's exercise of any Expansion Option. In the event that Tenant timely exercises an Expansion Option, the Expansion Space or applicable portion thereof shall be added to and become a part of the Premises demised under this Lease as of the applicable Expansion Commencement Date.

Tenant's right to exercise any Expansion Option shall be subject to the following terms and conditions:

(i) **Delivery of Space.** Landlord shall deliver the applicable Expansion Space to Tenant on the applicable Expansion Date. If Landlord shall be unable to deliver possession of the Expansion Space or applicable portion thereof on the applicable Expansion Date for any reason beyond Landlord's reasonable control, such as holdover by a prior tenant thereof, Landlord shall not be subject to any liability, nor shall the validity of this Lease or the obligations of Tenant hereunder be thereby affected. In such event, rent with respect to the Expansion Space or applicable portion thereof shall be abated until the occurrence of the Expansion Commencement Date after Landlord legally delivers the same to Tenant, as Tenant's sole recourse. In the event that the Expansion Premises are not delivered to Tenant within one hundred twenty (120) days after the Expansion Date, Tenant shall thereafter have the right to revoke its exercise of the

Expansion Option with respect to such space, upon written notice to Landlord delivered prior to the date on which delivery of the Expansion Premises occurs.

(ii) **Miscellaneous.** Tenant's exercise of any Expansion Option shall not operate to cure any default by Tenant of any of the terms or provisions in the Lease, nor to extinguish or impair any rights or remedies of Landlord arising by virtue of such default. If the Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise any Expansion Option, or if Tenant shall have subleased or assigned all or any portion of the Premises except to a Related Entity, then immediately upon such termination, sublease or assignment, any remaining Expansion Option shall simultaneously terminate and become null and void. The options set forth in this Article 40 are personal to Tenant. Except for Related Entities under no circumstances whatsoever shall the assignee under a partial assignment of the Lease or an assignee of Tenant's entire interest in the Lease, or a subtenant under a sublease of the Premises, have any right to exercise any option granted herein.

(iii) **Terms.** The Expansion Space or applicable portion thereof shall be leased in its then existing, "as-is" condition and otherwise on the terms and conditions of this Lease, except (1) the rentable area of the Premises shall be increased as of the Expansion Date by the rentable area of the Expansion Space or applicable portion thereof; (2) Tenant's Prorata Share shall be increased as of the Expansion Date to reflect the addition of the Expansion Space or applicable portion thereof to the Premises; (3) effective on the earlier of the date Tenant occupies the applicable Expansion Space for the purpose of conducting its business therefrom, or the one hundred twentieth (120^{th}) day after the Expansion Date (the "Expansion Commencement Date"), the Annual Base Rent due under this Lease shall be increased by an amount equal to the product of (x) the rentable square feet of the Expansion Space or applicable portion thereof; and (y) the Prevailing Rental Rate then in effect; (4) Tenant shall commence paying Rent for the Expansion Space or applicable portion thereof as of the Expansion Commencement Date; and (5) the Expiration Date of the Term with respect to the applicable Expansion Space shall be the same as the Expiration Date with respect to the entire Premises.

(iv) **Default.** Tenant's exercise of its option with respect to any Expansion Space shall be null and void if, as of the date of the exercise of any Expansion Option by Tenant, Tenant is in default under this Lease.

(v) **Prevailing Rental Rate.** For purposes of this Article 40, **"Prevailing Rental Rate"** means the average per square foot rental rate per year for all leases for periods approximately as long as the term of the leasing of the Expansion Space or applicable portion thereof, executed by tenants of similar size, credit, quality or stature for similar uses and lengths of time for similar multi-story buildings in the vicinity of the Property during the twelve (12) months immediately prior to the date upon which such

Prevailing Rental Rate is to become effective where such rates were not set by the terms of such leases. In all cases, such rates shall take into consideration the location, quality and age of the building, floor level, extent of leasehold improvements (existing or to be provided), rental abatements, lease takeovers/assumptions, parking charges, commissions, tenant procurement costs, moving expenses and other concessions for the benefit of Tenant, term of lease, extent of services to be provided, distinction between "gross" and "net" lease, base year or amount allowed by Landlord for payment of building operating expenses (expense stop), and the time the particular rental rate under consideration became or is to become effective, or any other relevant term or condition. If the parties are unable to agree on the Prevailing Rental Rate within sixty (60) days prior to the commencement of the leasing of the Expansion Space, either party may request that the Prevailing Rental Rate be determined by the Appraisal Method set forth in Article 37. Such determination shall be final and binding upon the parties.

(vi) **Term of Expansion Option.** Notwithstanding (iii)(5) of this Article 40, if less than thirty-six (36) full months will remain in the Term after the Expansion Commencement Date, then as a condition precedent to Tenant's expansion rights hereunder, Tenant must agree to extend the Expiration Date of the Term with respect to the entire Premises (i.e., including both the Expansion Space and entire remaining Premises) to the date which is at least thirty-six (36) months after the Expansion Commencement Date.

ARTICLE 41

Termination Option

Notwithstanding the foregoing, provided no Default exists hereunder (after any notice and cure periods explicitly provided herein), Tenant is hereby granted a right to terminate this Lease with respect to the 16th Floor Premises only, subject to the following terms and limitations:

(i) Tenant notifies Landlord in writing of such election to terminate no later than July 31, 2004; and

(ii) If Tenant timely exercises such option, the Base Rent shall be as stated in **Exhibit B-2** hereof.

Notwithstanding the foregoing, Tenant shall have the option to waive its rights under this Article 41 by written notice to Landlord, in which event this Article 41 shall have no further force or effect and upon Landlord's receipt of this notice, Tenant shall be permitted to commence its Work in the 16th Floor Premises, pursuant to the Tenant Improvement Workletter attached hereto as **Exhibit E**.

ARTICLE 42

Exculpation

Notwithstanding anything to the contrary in this Lease, and except with respect to the Security Deposit or as may be explicitly agreed in writing after the date hereof, it is expressly understood and agreed that Tenant is a limited liability company and (a) Tenant shall be personally liable for the payment and performance of the duties, responsibilities, liabilities and obligations of Tenant under this Lease to the extent (but only to the extent) of the assets of Tenant (specifically excluding the assets of any of the past, present or future members of Tenant or any past, present or future shareholder of any corporate member of Tenant, except for any such member's or shareholder's interest in any then undistributed assets of Tenant and sales proceeds thereof), (b) none of the past, present or future members of Tenant or past, present or future shareholders of any of the corporate members of Tenant shall be personally liable for the payment or performance of any such duties, responsibilities, liabilities or obligations, (c) no past, present or future member of Tenant or past, present or future shareholders of any corporate member of Tenant shall be named as a party in any suit or other judicial proceeding of any kind or nature whatsoever brought against Tenant with respect to this Lease, except to the extent necessary to secure jurisdiction of Tenant, and any such suit or other judicial proceeding shall be limited to the enforcement of the rights of Landlord with respect to the then undistributed assets (and sales proceeds thereof) of Tenant, and (d) no attachment, execution or other write of process shall be sought, issued or levied upon any assets, property or funds of any of the
past, present or future members of Tenant or past, present or future shareholder of any corporate member of Tenant, except for any such member's or shareholder's interest in any then undistributed assets (and sales proceeds thereof) of Tenant. For the purposes of this Section, no portion of the assets of any employee benefit plans maintained by Tenant for the benefit of any present, future or former members or employees of Tenant shall be deemed to be assets of Tenant.

ARTICLE 43

Entire Agreement

This Lease, together with Rider One, **Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E, and Exhibit F, WHICH ARE HEREBY INCORPORATED WHERE REFERRED TO HEREIN AND MADE A PART HEREOF AS THOUGH FULLY SET FORTH**, contains all the terms and provisions between Landlord and Tenant relating to the matters set forth herein and no prior or contemporaneous agreement or understanding pertaining to the same shall be of any force or effect, except any such contemporaneous agreement specifically referring to and modifying this Lease, signed by both parties. Without limitation as to the generality of the foregoing, Tenant hereby acknowledges and agrees that Landlord's leasing agents and field personnel are only authorized to show the Premises and negotiate terms and conditions for leases subject to Landlord's final approval, and are not authorized to make any agreements, representations, understandings or obligations, binding upon Landlord, respecting the condition of the Premises or Property, suitability of the same for Tenant's business, or any other matter, and no such agreements, representations, understandings or obligations not expressly contained herein or in such contemporaneous agreement shall be of any force or effect. Neither this Lease, nor any Riders or Exhibits referred to above may be modified, except in writing signed by both parties.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first above written.

LANDLORD:

UNION TOWER, LLC, a Delaware limited liability company

By: Union Tower II, LLC, a Delaware limited liability company, its sole member

By: Principal Life Insurance Company, an Iowa corporation, its member, solely on behalf of its Real Estate Separate Account

By: /s/ DARREN J. KLEIS

Darren J. Kleis
Investment Director –
Asset Management
JAN 09 2004

By: /s/ VANCE VOSS

Vance K. Voss
Assistant Managing Director
Asset Management
JAN 09 2004

TENANT:

HURON CONSULTING GROUP LLC, a Delaware limited liability compan

By: /s/ GARY L. BURGE

Name: Gary L. Burge
Title: Chief Financial Officer

RIDER ONE

RULES

In the event of direct conflict between the Lease and these Rules, the terms of the Lease shall control and govern.

(1) On Saturdays (except between the hours of 8:00 a.m. and 1:00 p.m.), Sundays and Holidays, and on other days between the hours of 6:00 P.M. and 8:00 A.M. the following day, or such other hours as Landlord shall determine from time to time, access to the Property and/or to the passageways, entrances, exits, shipping areas, halls, corridors, elevators or stairways and other areas in the Property may be restricted and access gained by use of a key to the outside doors of the Property, or pursuant to such security procedures Landlord may from time to time impose. All such areas, and all roofs, are not for use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the reasonable judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Property and its tenants provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant deals in the normal course of Tenant's business unless such persons are engaged in activities which are illegal or violate these Rules. No Tenant and no employee or invitee of Tenant shall enter into areas reserved for the exclusive use of Landlord, its employees or invitees. Tenant shall keep doors to corridors and lobbies closed except when persons are entering or leaving.

(2) Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Property, or on any part of the inside of the Premises which can be seen from the outside of the Premises, without the prior consent of Landlord, and then only such name or names or matter and in such color, size, style, character and material as may be first approved by Landlord in writing. Landlord reserves the right to remove at Tenant's expense all matter not so installed or approved without notice to Tenant.

(3) Tenant shall not use the name of the Property for any purpose other than that of the business address of the Tenant, or use any picture or likeness of the Property, in any letterheads, envelopes, circulars, notices, advertisements, containers or wrapping material without Landlord's express consent in writing. Notwithstanding the foregoing, Landlord acknowledges that Tenant intends to use pictures of its signage on the Building in its promotional materials, and Landlord will not unreasonably withhold, condition, or delay its consent to such use as long as such use is not derogatory to the reputation of the Building.

(4) Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window which may be unsightly from outside the Premises, and Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the exterior walls. Blinds, shades, awnings or other forms of inside or outside window ventilators or similar devices, shall not be placed in or about the outside windows in the Premises except to the extent, if any, that the character, shape, color, material and make thereof is first approved by the Landlord.

(5) Furniture, freight and other large or heavy articles, and all other deliveries may be brought into the Property only at times and in the manner reasonably designated by Landlord, in

compliance with all Laws, and always at the Tenant's sole responsibility and risk. Landlord may impose reasonable charges for use of freight elevators after or before normal business hours if an attendant or special operations are required in Landlord's discretion. All damage done to the Property by moving or maintaining such furniture, freight or articles shall be repaired by Landlord at Tenant's expense. Landlord may inspect items brought into the Property or Premises with respect to weight or dangerous nature. Landlord may require that all furniture, equipment, cartons and similar articles removed from the Premises or the Property be listed and a removal permit therefor first be obtained from Landlord. Tenant shall not take or permit to be taken in or out of other entrances or elevators of the Property, any item normally taken, or which Landlord otherwise reasonably requires to be taken, in or out through service doors or on freight elevators. Tenant shall not allow anything (including without limitation, portable carts, signs, placards, and billboards) to remain in or obstruct in any way, any lobby, plaza, corridor, sidewalk, passageway, entrance, exit, hall, elevator, escalator, stairway, shipping area, or other area. Tenant shall move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste that are at any time being taken from the Premises directly to the areas designated for disposal. Tenant shall cause trash and rubbish to be deposited only in receptacles approved or designated by Landlord. Any hand-carts used at the Property shall have rubber wheels and side guards and no other material handling equipment may be brought upon the Property except as Landlord shall approve in writing in advance.

(6) Tenant shall not overload any floor or part thereof in the Premises, or Property, including any public corridors or elevators therein bringing in or removing any large or heavy articles, and Landlord may direct and control the location of safes and all other heavy articles and require supplementary supports at Tenant's expense of such material and dimensions as Landlord may deem necessary based on advice from Landlord's engineer to properly distribute the weight.

(7) Tenant shall not attach or permit to be attached additional locks or similar devices to any door or window, change existing locks or the mechanism thereof, or make or permit to be made any keys for any door other than those provided by Landlord. If more than two keys for one lock are desired, Landlord will provide them upon reasonable payment therefor by Tenant. Tenant, upon termination of its tenancy, shall deliver to the Landlord all keys of offices, rooms and toilet rooms which have been furnished Tenant or which the Tenant shall have had made, and in the event of loss of any keys so furnished shall pay Landlord therefor.

(8) If Tenant desires signal, communication, alarm or other utility or similar service connections installed or changed, Tenant shall not install or change the same without the prior approval of Landlord, and then only under Landlord's direction at Tenant's expense. Tenant shall not install in the Premises any equipment which requires more electric current than Landlord is required to provide under this Lease, without Landlord's prior approval, and Tenant shall ascertain from Landlord the maximum amount of load or demand for or use of electrical current which can safely be permitted in the Premises, taking into account the capacity of electric wiring in the Property and the Premises and the needs of tenants of the Property, and shall not in any event connect a greater load than such safe capacity.

(9) Tenant shall not obtain for use upon the Premises, janitor and other similar services, except from Persons approved by the Landlord. Any Person engaged by Tenant to provide janitor or other services shall be subject to direction by the manager or security personnel of the Property.

(10) The toilet rooms, urinals, wash bowls and other such apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this Rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.

(11) The janitorial closets, utility closets, telephone closets, broom closets, electrical closets, storage closets, and other such closets, rooms and areas shall be used only for the purposes and in the manner reasonably designated by Landlord, and may not be used by tenants, or their contractors, agents, employees, or other parties without Landlord's prior written consent.

(12) Landlord reserves the right to exclude or expel from the Property any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules. Tenant shall not at any time manufacture, sell, use or give away, any spirituous, fermented, intoxicating or alcoholic liquors on the Premises, nor permit any of the same to occur (except in connection with occasional social or business events conducted in the Premises which do not violate any Laws nor bother or annoy any other tenants). Tenant shall not at any time sell, purchase or give away, food in any form by or to any of Tenant's agents or employees or any other parties on the Premises, nor permit any of the same to occur (other than in lunch rooms or kitchens for employees as may be permitted or installed by Landlord and food dispensed from vending machines, which do not violate any Laws or bother any other tenant), nor permit any video, electronic or pinball machines on the Premises. If any food or beverages shall be permitted to be sold or consumed on the Premises, Landlord may require that Tenant engage a responsible pest and rodent control service approved by Landlord on such regular basis as Landlord reasonably requires to the extent there is evidence of pests or rodents in the Premises that are not otherwise inhabiting the remainder of the Building.

(13) Tenant shall not make any room-to-room canvass to solicit business or information or to distribute any article or material to or from other tenants or occupants of the Property and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the Premises unless ordinarily embraced within the Tenant's use of the Premises specified in the Lease. No leaflets or other materials may be distributed or placed on vehicles in any parking area or facility.

(14) Tenant shall not waste electricity, water, heat or air conditioning or other utilities or services, and agrees to cooperate fully with Landlord to assure the most effective and energy efficient operation of the Property and shall not allow the adjustment (except by Landlord's authorized Property personnel) of any controls. Tenant shall keep corridor doors closed and shall not open any windows, except that if the air circulation shall not be in operation, windows which are openable may be opened with Landlord's consent. As a condition to claiming any deficiency in the air-conditioning or ventilation services provided by Landlord, Tenant shall close any blinds or drapes in the Premises to prevent or minimize direct sunlight.

(15) Tenant shall conduct no auction, fire or "going out of business sale" or bankruptcy sale in or from the Premises, and such prohibition shall apply to Tenant's creditors.

(16) Tenant shall cooperate and comply with any reasonable safety or security programs, including fire drills and air raid drills, and the appointment of "fire wardens" developed by Landlord for the Property, or required by Law. Before leaving the Premises unattended, Tenant shall close and securely lock all doors or other means of entry to the Premises and shut off all

lights and water faucets in the Premises (except heat to the extent necessary to prevent the freezing or bursting of pipes).

(17) Tenant will comply with all municipal, county, state, federal or other government laws, statutes, codes, regulations and other requirements, including without limitation, environmental, health, safety and police requirements and regulations respecting the Premises, now or hereinafter in force, at its sole cost.

(18) Tenant shall not (i) carry on any business, activity or service except those ordinarily embraced within the permitted use of the Premises specified in the Lease and more particularly, but without limiting the generality of the foregoing, shall not (ii) install or operate any internal combustion engine, boiler, machinery, refrigerating, heating or air conditioning equipment in or about the Premises, (iii) use the Premises for housing, lodging or sleeping purposes or for the washing of clothes, (iv) place any radio or television antennae other than inside of the Premises, (v) operate or permit to be operated any musical or sound producing instrument or device which may be heard outside the Premises, (vi) use any source of power other than electricity, (vii) operate any electrical or other device from which may emanate electrical or other waves which may interfere with or impair radio, television, microwave, or other broadcasting or reception from or in the Property or elsewhere, (viii) bring or permit any bicycle or other vehicle, or dog (except in the company of a blind person or except where specifically permitted) or other animal or bird in the Property, (ix) make or permit objectionable noise or odor to emanate from the Premises, (x) do anything in or about the Premises tending to create or maintain a nuisance or do any act tending to injure the reputation of the Property, (xi) throw or permit to be thrown or dropped any article from any window or other opening in the Property, (xii) use or permit upon the Premises anything that will invalidate or increase the rate of insurance on any policies of insurance now or hereafter carried on the Property after Tenant's receipt of written notice from Landlord of such violation and after a reasonable period to permit removal or cure, or violate the certificates of occupancy issued for the premises or the Property, (xiii) use the Premises for any purpose, or permit upon the Premises anything, that may be dangerous to persons or property (including but not limited to flammable oils, fluids, paints, chemicals, firearms or any explosive articles or materials) nor (xiv) do or permit anything to be done upon the Premises in any way tending to disturb any other tenant at the Property or the occupants of neighboring property.

(19) If the Property shall now or hereafter contain a building garage, parking structure or other parking area or facility, the Rules set forth below shall apply in such areas or facilities. In the event of any conflict between the Rules set forth below and the terms of Article 41, the provisions of Article 41 shall govern.

(i) Parking shall be available in areas designated generally for tenant parking, for such daily or monthly charges as Landlord may establish from time to time, or as may be provided in any Parking Agreement attached hereto (which, when signed by both parties as provided therein, shall thereupon become effective). In all cases, parking for Tenant and its employees and visitors shall be on a "first come, first served," unassigned basis, with Landlord and other tenants at the Property, and their employees and visitors, and other Persons (as defined in Article 25 of the Lease) to whom Landlord shall grant the right or who shall otherwise have the right to use the same, all subject to these Rules, as the same may be amended or supplemented, and applied on a non-discriminatory basis, all as further described in Article 6 of the Lease. Notwithstanding the foregoing to the contrary, Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped individuals,

and other tenants, visitors of tenants or other Persons, and Tenant and its employees and visitors shall not park in any such assigned or reserved spaces. Landlord may restrict or prohibit full size vans and other large vehicles.

(ii) In case of any violation of these provisions, Landlord may refuse to permit the violator to park, and may remove the vehicle owned or driven by the violator from the Property without liability whatsoever, at such violator's risk and expense. Landlord reserves the right to close all or a portion of the parking areas or facilities in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the same, or if required by casualty, strike, condemnation, act of God, Law or governmental requirement, or any other reason beyond Landlord's reasonable control. In the event access is denied for any reason, any monthly parking charges shall be abated to the extent access is denied, as Tenant's sole recourse. Tenant acknowledges that such parking areas or facilities may be operated by an independent contractor not affiliated with Landlord, and Tenant acknowledges that in such event, Landlord shall have no liability for claims arising through acts or omissions of such independent contractor, if such contractor is reputable.

(iii) Regular hours shall be 6 A.M. to 8 P.M., Monday through Friday, and 10:00 A.M. to 1:00 P.M. on Saturdays, or such other hours as may be reasonably established by Landlord or its parking operator from time to time, provided, however, Landlord shall make arrangements for Tenant to have access to and use of the parking garage twenty-four hours per day; cars must be parked entirely within the stall lines, and only small cars may be parked in areas reserved for small cars; all directional signs and arrows must be observed; the speed limit shall be 5 miles per hour, spaces reserved for handicapped parking must be used only by vehicles properly designated; every parker is required to park and lock his own car; washing, waxing, cleaning or servicing of any vehicle is prohibited; Parking Space may be used only for parking automobiles; parking is prohibited in areas: (a) not striped or designated for parking, (b) aisles, (c) where "no parking" signs are posted, (d) on ramps, and (e) loading areas and other specially designated areas. Delivery trucks and vehicles shall use only those areas designated therefor.

EXHIBIT A

FLOOR PLANS

EXHIBIT B-1

BASE RENT

Period	Annual Base Rent	Monthly Base Rent
05/20/04* – 07/31/04*	$785,411.70*	$65,450.98*
08/01/04 – 12/31/04*	$761,411.70* ($317,254.88 for five months)	$63,450.98*
01/01/05* – 05/31/05	$1,003,215.60* ($250,803.90 for three months)	$83,601.30*
06/01/05 – 05/31/06	$1,044,549.60	$87,045.80
06/01/06 – 05/31/07	$1,085,883.60	$90,490.30
06/01/07 – 05/31/08	$1,457,889.60	$121,490.80
06/01/08 – 05/31/09	$1,499,223.60	$124,935.30
06/01/09 – 05/31/10	$1,540,557.60	$128,379.80
06/01/10 – 05/31/11	$1,581,891.60	$131,824.30
06/01/11 – 05/31/12	$1,623,225.60	$135,268.80
06/01/12 – 05/31/13	$1,664,559.60	$138,713.30
06/01/13 – 05/31/14	$1,705,893.60	$142,157.80

* Notwithstanding the foregoing, all Base Rent (but not Additional Rent) except for $5,000 per month on the 8th Floor Premises, 9th Floor Premises, and 17th Floor Premises, shall abate until the earlier of (i) November 20, 2004, or (ii) one hundred eighty (180) days after the Commencement Date, and if the 16th Floor Commencement Date occurs prior to January 1, 2005, Base Rent shall be appropriately adjusted so that Base Rent shall commence on the 16th Floor Commencement Date at the rate of $11.70 per square foot of rentable area and shall continue thereafter as provided herein. Further, notwithstanding the $5,000.00 stated in the immediately preceding sentence, Base Rent shall be reduced by $2,000.00 per month (but on a per diem basis) for each day prior to August 1, 2004 on which Tenant has waived its termination option in writing as provided in Article 41 of the Lease.

EXHIBIT B-2

BASE RENT IF TENANT TERMINATES THE LEASE WITH RESPECT TO THE 16TH FLOOR PREMISES

Period	Annual Base Rent	Monthly Base Rent
05/20/04 – 05/31/05*	$785,411.70*	$65,450.98*
06/01/05 – 05/31/06	$816,412.20	$68,034.35
06/01/06 – 05/31/07	$847,412.70	$70,617.73
06/01/07 – 05/31/08	$1,126,417.20	$93,868.10
06/01/08 – 05/31/09	$1,157,417.70	$96,451.48
06/01/09 – 05/31/10	$1,188,418.20	$99,034.85
06/01/10 – 05/31/11	$1,219,418.70	$101,618.23
06/01/11 – 05/31/12	$1,250,419.20	$104,201.60
06/01/12 – 05/31/13	$1,281,419.70	$106,784.98
06/01/13 – 05/31/14	$1,312,420.20	$109,368.35

* Notwithstanding the foregoing, all Base Rent (but not Additional Rent) except for $5,000 per month shall abate until the earlier of (i) November 20, 2004, or (ii) one hundred eighty (180) days after the Commencement Date.

EXHIBIT C

EXCLUSIONS FROM OPERATING EXPENSES

The following expenses are excluded from Building Operating Expenses:

1. management fees in excess of three percent (3%) of gross rents of the Building and wages and salaries for Landlord's personnel not located at the Building;

2. marketing and advertising expenses;

3. expenses incurred by Landlord to paint, decorate or redecorate any space leased to a tenant of the Building;

4. costs of repairing latent defects in the original construction of the Building;

5. expenses for any item or service provided exclusively to other tenants at the Property and not available to Tenant;

6. expenses incurred by Landlord for repairs or other work occasioned by fire, windstorm, or other insurable casualty or condemnation;

7. rental payments on any ground or underlying lease for the Property (except rental payments which constitute reimbursement for Taxes);

8. any cost representing an amount paid for services or materials to a related person, firm or entity to the extent such amount exceeds the amount that would be paid for such services or materials at the then existing market rates to an unrelated person, firm or entity;

9. expenses for the repair or maintenance of any item to the extent covered under warranty or service contract (excluding any mandatory deductible);

10. legal fees incurred in connection with the construction of the Building or disputes with tenants or other parties;

11. all expenses related to the remediation, clean-up or any other action taken with respect to any environmental contamination or other environmental problem at the Building and not caused by, through, or under Tenant;

12. artwork other than ordinary lobby design and/or decorative features;

13. charitable contributions;

14. electric power or other utility costs for which any tenant directly contracts with the local public service company (provided, however, Tenant's contracts shall be subject to the Lease);

15. fines or penalties or late payments not related to Tenant's failure to pay Additional Rent when due hereunder;

16. costs (including fines and penalties) of correcting any building code or similar violations which were violations prior to the Commencement Date of this Lease;

17. costs of any type of insurance not required by the Lease and not maintained by owners of Comparable Buildings;

18. costs arising from any commercial concessions operated by Landlord or by a third party under an agreement with Landlord;

19. costs incurred by Landlord in connection with rooftop communications equipment, if such communications equipment is not generally available to all tenants;

20. the entertainment and travel expenses of Landlord, its employees, agents, partners, and affiliates;

21. costs incurred as or result of the gross negligence or intentional misconduct of Landlord; and

22. any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not be treated as operating costs by landlords of Comparable Buildings.

EXHIBIT D

FORM OF LETTER OF CREDIT

Union Tower Investors II, L.L.C.
Attention: _____

Ladies and Gentlemen:

By order and for the account of **[Applicant]**, we hereby open in your favor our Clean Irrevocable Letter of Credit No. _____ for an aggregate amount of U.S. $_____ effective immediately and expiring at our close of business on _____, ____.

Funds are available against presentation of your sight draft(s) drawn on us mentioning this Letter of Credit No. _____, accompanied by a statement that "The amount drawn hereunder represents funds the beneficiary is entitled to draw pursuant to the terms of an Office Lease between _____, as tenant, and Union Tower Investors II, L.L.C., as landlord, dated _____." Partial draws are permitted. We shall honor all draws without inquiry as to the accuracy of the statement and regardless of whether the account party contests the draw.

It is a condition of this Letter of Credit that it shall be automatically extended without amendment for additional periods of one (1) year from the present or future expiration date hereof, unless at least thirty (30) days prior to such expiration date we shall notify you by registered mail at your address specified above (or such other address as you shall specify to us by written notice at the location set forth for presentation set forth below for such purpose by written notice) that we elect not to renew this Letter of Credit for such additional period.

We hereby engage with you that drafts drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored upon proper presentation to us at the following location:

_____

_____

_____

This Letter of Credit is transferable in its entirety. We will honor complying drafts hereunder presented by a transferee (and cease to honor drafts hereunder presented by you) upon receipt of written notice from you that you have transferred all of your rights in this Letter of Credit to such transferee. Upon receiving such written notice of transfer, and upon presentation to us of this original Letter of Credit, we will reissue this Letter of Credit naming such transferee as the beneficiary. You shall not incur any fee in connection with such transfer.

This Letter of Credit shall be governed by, and construed in accordance with, the laws of the State of Illinois. This Letter of Credit is subject to Article 5 of the Uniform Commercial Code.

Very truly yours,

[NAME OF ISSUER]

By: _____

Authorized Signature

EXHIBIT E

TENANT IMPROVEMENT WORKLETTER

This Work Letter Agreement ("Work Letter Agreement") is a part of that certain Lease (the **"Lease"**) between **HURON CONSULTING GROUP LLC**, a Delaware limited liability company, as **"Tenant"** and **UNION TOWER LLC**, a Delaware limited liability company, as **"Landlord"**, relating to certain Premises as defined and more fully identified at the building located at 550 West Van Buren Street, Chicago, Illinois (the "Building"). Capitalized terms used herein, unless otherwise defined in this Work Letter Agreement, shall have the respective meanings ascribed to them in the Lease. This Work Letter Agreement is incorporated by reference into the Lease and made a part thereof.

For and in consideration of the agreement to lease the Premises and the mutual covenants contained herein and in the Lease, Landlord and Tenant hereby agree as follows:

1. **WORK.** Tenant, at its sole cost and expense, shall perform, or cause to be performed, the work and all other tenant improvements (collectively, the "Work") in the Premises provided for in the Approved Plans and Budget (as defined in Paragraph 2 hereof). Landlord shall deliver the 17th Floor Premises to Tenant for commencement of the Work no later than thirty (30) days after the Effective Date. The 16th Floor Premises shall not be delivered to Tenant for commencement of the Work (nor shall Tenant be permitted to draw any portion of Landlord's Contribution applicable thereto) until the earlier of (i) September 1, 2004, or (ii) thirty (30) days after Tenant has waived its rights to terminate under Article 42 of the Lease, as permitted therein. Subject to Tenant's satisfaction of the conditions specified in this Work Letter Agreement, Tenant shall be entitled to Landlord's Contribution (as defined hereinbelow).

2. **PRE-CONSTRUCTION ACTIVITIES.**

(a) On or before the commencement of the Work, Tenant shall submit the Plans (as hereinafter defined) for the Work, which Plans shall be subject to Landlord's approval in accordance with Paragraph 3(b) below. Prior to commencement of the Work, Tenant shall submit the following information and items to Landlord for Landlord's review and approval:

(i) A budget (the "Budget") and an itemized statement of estimated construction and other costs (as such figure may be revised to reflect actual costs, the "Costs"), including all soft costs and all fees for permits and architectural and engineering fees and a reasonable contingency reserve.

(ii) The names and addresses of Tenant's contractors (and said contractor's subcontractors) and materialmen to be engaged by Tenant for the Work (individually, a "Tenant Contractor," and collectively, "Tenant's Contractors"). Each of Tenant's Contractors shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld if such contractor complies with Landlord's reasonable criteria and is duly qualified to perform the Work. Landlord may, at its election, provide a list of approved contractors for performance of those portions of

work involving electrical, mechanical, plumbing, heating, air conditioning or life safety systems, from which Tenant may select its contractors or subcontractors for such designated portions of work and such contractors or subcontractors will be included in Tenant's bid process.

(iii) Certified copies of insurance policies or certificates of insurance as hereinafter described. Tenant shall not permit Tenant's Contractors to commence work until the required insurance has been obtained and certified copies of policies or certificates have been delivered to Landlord.

Tenant will update such information and items by notice to Landlord of any changes thereto.

(b) As used herein the term "Approved Plans" shall mean the Plans (as hereinafter defined), as and when approved in writing by Landlord. As used herein, the term "Plans" shall mean the full and detailed architectural and engineering plans and specifications covering the Work (including, without limitation, all items for which the Landlord's Contribution is to be used and all architectural, mechanical and electrical working drawings for the Work). The Plans shall be subject to Landlord's reasonable approval as provided herein and to the approval of all local governmental authorities requiring approval of the work and/or the Approved Plans. Landlord shall respond to Tenant's submission of the Plans (giving detailed reasons in case of disapproval) of the Plans within seven (7) business days after their delivery to Landlord. Landlord agrees not to unreasonably withhold its approval of said Plans; provided, however, that Landlord shall not be deemed to have acted unreasonably if it withholds its approval of the Plans because, in Landlord's reasonable opinion: the Work as shown in the Plans is substantially likely to adversely affect Building systems, the structure of the Building or the safety of the Building and/or its occupants; the Work as shown on the Plans might impair Landlord's ability to furnish services to Tenant or other tenants; the Work would increase the cost of operating the Building; the Work would violate any Laws (or interpretations thereof); the Work is not in accordance with then-current Building standards; the Work contains or uses hazardous or toxic materials or substances; the Work would adversely affect the appearance of the Building; or the Work might adversely affect another tenant's premises. The foregoing reasons, however, shall not be exclusive of the reasons for which Landlord may withhold consent, whether or not such other reasons are similar or dissimilar to the foregoing. If Landlord notifies Tenant that changes are required to the final Plans submitted by Tenant, Tenant shall prior to commencement of any Work, submit to Landlord, for its approval, the Plans amended in accordance with the changes so required. Landlord shall respond to Tenant's submission of such amended Plans within seven (7) business days of receipt, it being agreed that Landlord's approval thereto shall be limited to those items to which Landlord had objected pursuant to the prior submission of the Plans. Such procedure for review with respect to any further objections to the Plans by Landlord shall continue until the Plans are finally approved by Landlord. If Landlord fails to respond to any request for approval of Plans within the time period provided herein, Tenant shall send a further notice to Landlord with the following typed in bold face type in a clearly visible location on the outside of the notice: **"THIS CONTAINS PLANS SUBMITTED TO LANDLORD PURSUANT TO A LEASE. LANDLORD'S FAILURE TO RESPOND IN WRITING WITHIN THREE (3) BUSINESS DAYS SHALL BE DEEMED TO CONSTITUTE LANDLORD'S APPROVAL OF SUCH PLANS."** If Landlord fails to respond within three (3) business days after receipt of such second notice, Landlord shall be deemed to have approved the Plans as submitted. The Plans shall also be revised, and the Work

shall be changed, all at Tenant's cost and expense (but payable from Landlord's Contribution), to incorporate any work required in the New Premises by any local governmental field inspector. Landlord's approval of the Plans shall in no way be deemed to be (i) an acceptance or approval of any element therein contained which is in violation of any applicable Laws, or (ii) an assurance that work done pursuant to the Approved Plans will comply with all applicable Laws (or with the interpretations thereof) or satisfy Tenant's objectives and needs.

(c) No demolition or Work shall be undertaken or commenced by Tenant in the Premises being delivered to Tenant until (i) Tenant has delivered, and Landlord has approved, all items set forth in Paragraph 2(a) above, (ii) all necessary building permits have been applied for and obtained by Tenant, and (iii) proper provision has been made by Tenant for payment in full of the cost of the Work (to the extent such cost as reasonably estimated by Landlord exceeds the amount of Landlord's contribution set forth hereinbelow), which is satisfactory to Landlord.

3. **CHARGES AND FEES**. Tenant shall pay Landlord a supervisory fee in an amount equal to three percent (3%) of the total costs of the materials and labor for the Work (the "Landlord's Fee") (and all change orders with respect thereto), to defray Landlord's administrative and overhead expenses incurred to review the Plans and coordinate with Tenant's on-site project manager the staging and progress of the Work.

4. **CHANGE ORDERS**. All changes to the Approved Plans requested by Tenant must be approved by Landlord in advance of the implementation of such changes as part of the Work which approval shall not be unreasonably withheld or delayed. Landlord shall review all requested changes within two (2) business days after their delivery to Landlord, provided, however, in the event of extensive changes, such time period shall be extended to a length of time which is reasonable under the circumstances not to exceed seven (7) business days. All delays caused by Tenant-initiated change orders, including, without limitation, any stoppage of work during the change order review process, are solely the responsibility of Tenant and shall cause no delay in the Commencement Date or the payment of Rent and other obligations therein set forth. All increases in the cost of the Work resulting from such change orders shall (subject to Paragraph 8 below) be borne by Tenant. Notwithstanding the foregoing, insubstantial and non-structural "field" changes of the type not customarily the subject of change orders and which do not affect any Building systems shall not require Landlord's prior written consent.

5. **STANDARDS OF DESIGN AND CONSTRUCTION AND CONDITIONS OF TENANT'S PERFORMANCE**. All work done in or upon the New Premises by Tenant shall be done according to the standards set forth in this Paragraph 6, except as the same may be modified in the Approved Plans approved by or on behalf of Landlord and Tenant.

(a) Tenant's Approved Plans and all design and construction of the Work shall comply with all applicable statutes, ordinances, regulations, laws, codes and industry standards, including, but not limited to, reasonable requirements of Landlord's fire insurance underwriters and the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et. seq.).

(b) Tenant shall, at its own cost and expense (but payable from Landlord's Contribution), obtain all required building permits and occupancy permits. Tenant's

failure to obtain such permits shall not cause a delay in the commencement of the Term or the obligation to pay Rent or any other obligations set forth in the Lease.

(c) Tenant's contractors shall be licensed contractors, using union labor, possessing good labor relations, capable of performing quality workmanship and working in harmony with Landlord's contractors and subcontractors and with other contractors and subcontractors in the Building. All work shall be coordinated with any other construction or other work in the Building in order not to adversely affect construction work being performed by or for Landlord or its tenants. Landlord shall use commercially reasonable efforts to cooperate with Tenant in such coordination with respect to any work being performed by or for Tenant.

(d) Tenant shall use only new, first-class materials in the Work comparable to materials used in other tenant improvements in the Building, except where explicitly shown in the Approved Plans. The Work shall be performed in a good and workmanlike manner. Tenant shall obtain contractors' warranties of at least one (1) year duration from the completion of the Work against defects in workmanship and materials on all Work performed and equipment installed in the Premises, unless such warranties are not customarily obtained for the type of work and/or material involved, in which event Tenant shall obtain customary warranties.

(e) Tenant and Tenant's Contractors shall make all commercially reasonable efforts and take all commercially reasonable steps appropriate to assure that all construction activities undertaken do not unreasonably interfere with the operation of the Building or with other tenants and occupants of the Building. In

any event, Tenant shall during the performance of the Work and throughout the term of the Lease comply with all reasonable rules and regulations existing from time to time at the Building which have heretofore been provided to Tenant (provided Landlord shall provide reasonable prior notice in respect of any new rules and regulation or any modifications of existing rules and regulations). Tenant and Tenant's Contractors shall take all reasonable precautionary steps to minimize dust, noise and construction traffic, and to protect their facilities and the facilities of others affected by the Work and to properly police all personnel entering the Building in connection with the Work. Construction equipment and materials are to be kept within the Premises (subject to the limitations contained in the Amendment) and delivery and loading of equipment and materials shall be done at such locations and at such time as Landlord reasonably shall direct so as not to burden the construction or operation of the Building, provided that Landlord shall use commercially reasonable efforts to coordinate the same.

(f) Landlord shall have the right to order Tenant or any of Tenant's Contractors who violate the Union Tower General Rules and Regulations for Contractors (a copy of which Tenant has received) or the other requirements of this Lease imposed on Tenant or Tenant's Contractors to cease work and remove its equipment and employees from the Building provided, however, prior to any such order (i) if the violation is of such a nature that it threatens in Landlord's discretion to create a hazardous condition or disrupt building operations or other tenants, then Landlord shall provide one (1) written notice and one (1) day right to cure, and (ii) if the violation is of any other type, then Landlord shall provide one (1) written notice and three (3) days right to cure; further provided, however, that Landlord shall have no obligation to provide any notice or cure rights as to either (i) or (ii) if a repeat violation of a substantially similar type occurs. In any event, Landlord may make the continuation of work contingent upon payment by Tenant or Tenant's Contractors of any damages or costs incurred by Landlord or other tenants as a result of such violation. No such action by Landlord shall delay the Commencement Date or the obligation to pay Rent or any other obligations set forth in the Lease.

(g) Utility costs or charges for any service (including HVAC, hoisting and the like) to the Premises in connection with and during the performance of the Work shall be the responsibility of Tenant and shall be paid for by Tenant at Landlord's standard rates then in effect, provided, however, (i) Landlord shall pay utility costs on the 17th Floor Premises and the 16th Floor Premises until the applicable Commencement Date(s), and (ii) Landlord shall not charge for freight elevator usage unless an attendant or special operations are required, in Landlord's discretion. Tenant shall pay for all support services provided by Landlord's contractors at Tenant's written request or at Landlord's reasonable discretion resulting from breaches or defaults beyond applicable notice and cure periods by Tenant under this Work Letter Agreement. Tenant shall have the nonexclusive right to use the freight elevators during the business day on a first-come, first-serve basis without additional charges; all after-hours use shall be subject to scheduling by Landlord and to Tenant's payment of Landlord's out-of-pocket for such after-hours usage, including costs of necessary personnel. Tenant shall arrange and pay for removal of construction debris and shall not place debris in the Building's waste containers. If required by Landlord by the giving of notice, Tenant shall sort and separate its waste and debris for recycling and/or environmental law compliance purposes.

(h) Tenant shall permit access to the Premises by Landlord upon reasonable prior notice to Jimmy Morgan at (312) 228-2839 (which may be oral or by voice-mail), and the Work shall be subject to inspection, by Landlord and Landlord's architects, engineers, contractors and other representatives, at all times during the period in which the Work is being constructed and installed and following completion of the Work, provided that Landlord shall use reasonable efforts to minimize its interference with the Work.

(i) Tenant shall proceed with its work expeditiously, continuously and efficiently, and Tenant shall notify Landlord upon completion of the Work and shall furnish Landlord and Landlord's title insurance company with such further documentation as may be reasonably necessary under the requirements herein.

(j) Tenant shall have no authority to deviate from the Approved Plans in performance of the Work (except for de minimis deviations of a type customarily not the subject of change orders), except as authorized by Landlord or its designated representative in writing in a change order approved in writing by Landlord. Tenant shall furnish to Landlord "as-built" drawings of the Work within thirty (30) days after completion of the Work.

(k) During the performance of the Work, Landlord shall have the right to run utility lines, pipes, conduits, duct work and component parts of all mechanical and electrical systems where necessary or desirable through the Premises provided same are concealed behind walls or ceilings and do not materially reduce the functionality of the Premises, or the useable floor area of the Premises, to repair, alter, replace or

remove the same, and to require Tenant to install and maintain proper access panels thereto. Landlord shall use reasonable efforts to minimize interference with the Work and Tenant's use and enjoyment of the Premises in connection with any work performed by Landlord in the Premises pursuant to this subparagraph.

(l) Tenant shall impose on and enforce all applicable terms of this Work Letter Agreement against Tenant's architect and Tenant's Contractors.

(m) Tenant acknowledges and agrees that the Work will include any work, both within and outside the Premises, that may be necessary in order for Tenant to use and occupy the Premises.

6. **INSURANCE AND INDEMNIFICATION.**

(a) In addition to any insurance which may be required under the Lease, Tenant shall secure, pay for and maintain or cause Tenant's Contractors to secure, pay for and maintain during the continuance of construction and fixturing work within the Property or Premises, insurance in the following minimum coverages and the following minimum limits of liability:

(i) Worker's Compensation and Employer's Liability Insurance with limits of not less than $500,000.00, or such higher amounts as may be required from time to time by any Employee Benefit Acts or other statutes applicable where the work is to be performed, and in any event sufficient to protect Tenant's Contractors from liability under the aforementioned acts.

(ii) Commercial General Liability Insurance (including Contractors' Protective Liability) in an amount not less than $3,000,000.00 per occurrence, whether involving bodily injury liability (or death resulting therefrom) or property damage liability or a combination thereof with a minimum aggregate limit of $3,000,000.00, and with umbrella coverage with limits not less than $5,000,000.00. Such insurance shall provide for explosion and collapse, completed operations coverage and broad form blanket contractual liability coverage and shall insure Tenant's Contractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others and arising from its operations under the contracts whether such operations are performed by Tenant's Contractors or by anyone directly or indirectly employed by any of them.

(iii) Comprehensive Automobile Liability Insurance, including the ownership, maintenance and operation of any automotive equipment, owned, hired, or non-owned in an amount not less than $500,000.00 for each person in one accident, and $1,000,000.00 for injuries sustained by two or more persons in any one accident and property damage liability in an amount not less than $3,000,000.00 for each accident. Such insurance shall insure Tenant's Contractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from its operations under the contracts, whether such operations are performed by Tenant's Contractors, or by anyone directly or indirectly employed by any of them.

(iv) "All-risk" builder's risk insurance upon the entire Work to the full insurable value thereof. This insurance shall include the interests of Landlord and Tenant (and their respective contractors and subcontractors of any tier to the extent of any insurable interest therein) in the Work and shall insure against the perils of fire and extended coverage and shall include "all-risk" builder's risk insurance for physical loss or damage including, without duplication of coverage, theft vandalism and malicious mischief. If portions of the Work are stored off the site of the Building or in transit to said site and are not covered under said "all-risk" builder's risk insurance, then Tenant shall effect and maintain similar property insurance on such portions of the Work. Any loss insured under said "all-risk" builder's risk insurance is to be adjusted with Landlord and Tenant and made payable to Landlord, as trustee for the insureds, as their interests may appear.

All policies (except the worker's compensation policy) shall be endorsed to include as additional insured parties, listed on, or required by, the Lease. The waiver of subrogation provisions contained in the Lease shall apply to all insurance policies (except the workmen's compensation policy) to be obtained by Tenant pursuant to this paragraph. The insurance policy endorsements shall also provide that all additional insured parties shall be given thirty (30) days' prior written notice of any reduction, cancellation or non-renewal of coverage (except that ten (10) days' notice shall be sufficient in the case of cancellation for non-payment of premium) and shall provide that the insurance coverage afforded to the additional insured parties thereunder shall be primary to any insurance carried independently by said additional insured parties. Additionally, where applicable, each policy shall contain a cross-liability and severability of interest clause.

7. **LANDLORD'S CONTRIBUTION; EXCESS AMOUNTS**.

(a) Upon Tenant's satisfaction of the requirements set forth in this Work Letter Agreement, Landlord shall make a dollar contribution in the total amount of up to One Million Eight Hundred Sixty Thousand Thirty and 0/100s Dollars ($1,860,030.00) ($30.00 per square foot of rentable area) for the 8th Floor Premises, 9th Floor Premises, and 17th Floor Premises), and Eight Hundred Twenty-Six Thousand Six Hundred Eighty and 0/100s Dollars (826,680.00) ($40.00 per square foot of rentable area) for the 16th Floor Premises for application to the extent thereof to the Costs of the Work. No portion of the $826,680.00 allocated to the 16th Floor Premises may be drawn until after August 1, 2004, unless Tenant has earlier waived its termination right pursuant to Article 41 of the Lease. The Landlord's Contribution shall be funded as the Tenant's Work is completed in accordance with the provisions of this Workletter. If the Cost of the Work exceeds Landlord's Contribution, Tenant shall have sole responsibility for the payment of such excess cost. If the Cost of the Work is less than Landlord's Contribution, Landlord shall make such amounts available to reimburse Tenant for improvements to the Premises, or to pay Rent due hereunder, or to pay other costs incurred by Tenant subject to Landlord's receipt of evidence of lien-free completion of the Work in accordance with the provisions herein.

(b) Landlord shall make progress payments from Landlord's Contribution to Tenant on a monthly basis, for the portion of the Tenant's Work performed during the previous month, less a retainage of 10% of each progress payment ("Retainage"). Each

of Landlord's progress payments shall be limited to an amount equal to the aggregate amounts (reduced by the Retainage) therefore paid by Tenant (as certified by the chief financial officer of Tenant and by Tenant's independent architect) to Tenant's contractors, subcontractors and material suppliers which have not been subject to previous disbursements from Landlord's Contribution. Provided that Tenant delivers requisitions to Landlord on or prior to the 1st day of any month, such progress payments shall be made within 30 days next following the delivery to Landlord of requisitions therefor, signed by the chief financial officer of Tenant, which requisitions shall be in the form of AIA document G702, set forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors, and material suppliers covering all work and materials which are the subject of the applicable progress payment, (ii) a written certification from Tenant's Architect that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord, and (iii) such other documents and information as Landlord may reasonably request, including any documents reasonably required by Landlord's title company in connection with title drawdowns and endorsements. Landlord shall disburse the Retainage upon submission by Tenant to Landlord of Tenant's requisition therefor accompanied by all documentation required under this paragraph together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for the Tenant's Work by governmental authorities having jurisdiction thereover, (B) issuance of final lien and unconditional waivers by all contractors, subcontractors and material suppliers covering all of the Tenant Work, and (c) receipt of as-built plans for the Work.

(c) Tenant shall pay the excess of the aggregate cost of Tenant's Work and the Landlord's Construction Management Fee over the Landlord's Contribution (the "Excess") plus the cost of all work other than the Tenant's Work, if any, which Tenant may elect to do in order to make the Premises ready for Tenant's occupancy and which has been approved by Landlord as provided herein. Landlord shall have no obligation to pay the Excess. If Landlord estimates prior to commencement of the Tenant's Work or at any time or from time to time thereafter that there will be an Excess, Landlord shall notify Tenant in writing of Landlord's good faith estimate of the amount thereof. Ninety percent (90%) of the Excess shall be funded by Tenant to pay costs of Tenant's Work prior to initial or further disbursements of Landlord's Contribution, as the case may be, and if Tenant fails to do so within ten (10) days after Landlord's request, Landlord shall be entitled to suspend the funding of Landlord's Contribution until such time as Landlord receives evidence acceptable to Landlord of Tenant's funding of the Excess, and at Landlord's option, a Default shall be deemed to have occurred under this Lease.

(d) All of the Landlord's Contribution must be used by Tenant on or before April 30, 2005 for floors 8, 9, and 17, and December 31, 2005 for floor 16, or the balance shall be applied by Landlord towards Rent.

8. **MISCELLANEOUS.**

(a) If the Plans for the Work require the construction and installation of more fire hose cabinets than the number regularly provided by Landlord in the core of the Building in which the New Premises are located, Tenant agrees to pay all reasonable costs and expenses arising from the construction and installation of such additional fire

hose cabinets or telephone/electrical closets, provided Landlord's Contribution may be applied to all such costs and expenses.

(b) Time is of the essence with respect to the express periods provided under this Work Letter Agreement.

(c) If Tenant fails to make any payment relating to all or any portion of the Work as required hereunder, and Tenant's failure to pay for such portion of the Work creates a safety risk, building code violation, or an unsightly condition, Landlord, at its option, may, after reasonable notice (unless the condition requires immediate cure) complete such portion of the Work pursuant to the Approved Plans necessary to cure such condition and continue to hold Tenant liable for the costs thereof and all other costs due to Landlord. Tenant's failure to pay any amounts owed by Tenant hereunder when due or Tenant's failure to perform its obligations hereunder shall also constitute a Default under the Lease and Landlord shall have all the rights and remedies granted to Landlord under the Lease for nonpayment of any amounts owed thereunder or failure by Tenant to perform its obligations thereunder.

(d) Notices under this Work Letter Agreement shall be given in the same manner as under the Lease.

(e) The headings set forth herein are for convenience only.

(f) This Work Letter Agreement sets forth the entire agreement of Tenant and Landlord regarding the Work. This Work Letter Agreement may only be amended if in writing, duly executed by both Landlord and Tenant. This Work Letter Agreement is incorporated into the Lease by reference and made a part thereof to the extent applicable to the Work.

(g) All amounts due from Tenant hereunder shall be deemed to be additional Rent due under the Lease.

9. **LIMITATION OF LIABILITY.** Any liability of Landlord under this Work Letter Agreement shall be limited solely to its equity interest in the Building, and in no event shall any personal liability be asserted against Landlord in connection with the Work Letter Agreement nor shall any recourse be had to any other property or assets of Landlord.

EXHIBIT F

CLEANING SPECIFICATIONS

I. TENANT AREAS

A. Daily

1. Vacuum all carpeted floors including under and around all desks and large furniture. Service contractor is not required to move any desk or large furniture for vacuuming duties.

2. Dust/mop all hard surface floor including under and around all desks and large furniture.

3. Wipe all furniture tops, legs and sides utilizing a treated dust cloth.

4. Dust wipe all horizontal surfaces within reach, including window ledges, moldings and sills.

5. Wipe all desk, furniture, file cabinets, telephones, doors, jams, window mullions, glass partitions and accessories to remove any dust, streaks, stains, spills and other marks.

6. Empty and clean all wastebaskets, ashtrays and other debris and recyclable materials from premise and dispose of all materials as directed by building management and in accordance with the building recycling program.

7. Clean all kitchen/lunchroom countertops, tables and surfaces. All floors shall be wet mopped on a daily basis.

B. Weekly

1. Edge all carpeted area with a small broom or other edging tool thoroughly cleaning corners, behind doors and around furniture legs and bases. All carpeting shall be spot cleaned and all baseboard washed with manufacturer approved products.

2. Wet mop, dry and spray buff with a rotary buffing machine all hard surface areas. All wax marks will be removed from baseboards, doors and frames as necessary.

C. Monthly

1. Perform high dusting on all horizontal surfaces and ledges that are beyond the normal reach of nightly dusting with a treated cloth.

2. All carpeted floors will be vacuumed utilizing a pile lifter to restore carpet pile to original upright condition and remove any embedded dirt and grit.

3. On a bi-monthly basis, Service Contractor shall completely strip all floor finish to a bare, clean floor. Service Contractor shall mop, rinse, dry, wax and machine polish finish to a uniform bright and clean appearance with manufacturer approved products.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated March 25, 2004 relating to the financial statements and financial statement schedule of Huron Consulting Group Inc., which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/S/ PRICEWATERHOUSECOOPERS LLP

Chicago, Illinois
May 12, 2004

Exhibit 99.1

Consent of Person Nominated to Become a Director

I, Deborah A. Bricker, hereby consent to the use, in the Registration Statement on Form S-1 of Huron Consulting Group Inc., a Delaware corporation (the "Company"), to which this Consent is filed as an exhibit, of my name as a person nominated to become a director of the Company.

May 12, 2004

/s/ Deborah A. Bricker

Deborah A. Bricker

Exhibit 99.2

Consent of Person Nominated to Become a Director

I, James D. Edwards, hereby consent to the use, in the Registration Statement on Form S-1 of Huron Consulting Group Inc., a Delaware corporation (the "Company"), to which this Consent is filed as an exhibit, of my name as a person nominated to become a director of the Company.

May 12, 2004

/s/ James D. Edwards

James D. Edwards

Exhibit 99.3

Consent of Person Nominated to Become a Director

I, John McCartney, hereby consent to the use, in the Registration Statement on Form S-1 of Huron Consulting Group Inc., a Delaware corporation (the "Company"), to which this Consent is filed as an exhibit, of my name as a person nominated to become a director of the Company.

May 12, 2004

/s/ John McCartney

John McCartney