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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2020
OR

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

Commission file number: 000-50976

HURON CONSULTING GROUP INC.

(Exact name of registrant as specified in its charter)

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	HURN	NASDAQ Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated Filer	☐	Non-accelerated Filer	☐	Smaller Reporting Company	☐	Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

As of April 23, 2020, 22,849,043 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

HURON CONSULTING GROUP INC.

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PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 151,009	$ 11,604
Receivables from clients, net of allowances of $9,187 and $8,907, respectively	105,379	116,571
Unbilled services, net of allowances of $3,356 and $2,994, respectively	88,960	79,937
Income tax receivable	748	2,376
Prepaid expenses and other current assets	13,309	14,248
Total current assets	359,405	224,736
Property and equipment, net	38,326	38,413
Deferred income taxes, net	8,334	1,145
Long-term investment	67,194	54,541
Operating lease right-of-use assets	52,849	54,954
Other non-current assets	49,578	52,177
Intangible assets, net	28,127	31,625
Goodwill	586,235	646,680
Total assets	$ 1,190,048	$ 1,104,271
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 5,799	$ 7,944
Accrued expenses and other current liabilities	21,580	18,554
Accrued payroll and related benefits	53,380	141,605
Current maturities of long-term debt	533	529
Current maturities of operating lease liabilities	8,206	7,469
Deferred revenues	30,010	28,443
Total current liabilities	119,508	204,544
Non-current liabilities:		
Deferred compensation and other liabilities	26,854	28,635
Long-term debt, net of current portion	451,189	208,324
Operating lease liabilities, net of current portion	67,317	69,233
Deferred income taxes, net	571	8,070
Total non-current liabilities	545,931	314,262
Commitments and contingencies		
Stockholders' equity		
Common stock; $0.01 par value; 500,000,000 shares authorized; 25,391,801 and 25,144,764 shares issued at March 31, 2020 and December 31, 2019, respectively	246	247
Treasury stock, at cost, 2,546,566 and 2,425,430 shares at March 31, 2020 and December 31, 2019, respectively	(128,366)	(128,348)
Additional paid-in capital	444,974	460,781
Retained earnings	195,541	237,849
Accumulated other comprehensive income	12,214	14,936
Total stockholders' equity	524,609	585,465
Total liabilities and stockholders' equity	$ 1,190,048	$ 1,104,271

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

HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Revenues and reimbursable expenses:		
Revenues	$ 222,619	$ 204,445
Reimbursable expenses	19,303	18,617
Total revenues and reimbursable expenses	241,922	223,062
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses):		
Direct costs	156,248	137,780
Amortization of intangible assets and software development costs	1,301	1,117
Reimbursable expenses	19,389	18,669
Total direct costs and reimbursable expenses	176,938	157,566
Operating expenses and other losses (gains), net		
Selling, general and administrative expenses	43,446	50,749
Restructuring charges	1,609	1,275
Litigation and other gains	(150)	(456)
Depreciation and amortization	6,114	7,172
Goodwill impairment charges	59,816	—
Total operating expenses and other losses (gains), net	110,835	58,740
Operating income (loss)	(45,851)	6,756
Other income (expense), net:		
Interest expense, net of interest income	(2,341)	(4,258)
Other income (expense), net	(5,296)	2,217
Total other expense, net	(7,637)	(2,041)
Income (loss) from continuing operations before taxes	(53,488)	4,715
Income tax expense (benefit)	(11,215)	1,365
Net income (loss) from continuing operations	(42,273)	3,350
Loss from discontinued operations, net of tax	(35)	(46)
Net income (loss)	$ (42,308)	$ 3,304
Net earnings (loss) per basic share:		
Net income (loss) from continuing operations	$ (1.94)	$ 0.15
Loss from discontinued operations, net of tax	—	—
Net income (loss)	$ (1.94)	$ 0.15
Net earnings (loss) per diluted share:		
Net income (loss) from continuing operations	$ (1.94)	$ 0.15
Loss from discontinued operations, net of tax	—	—
Net income (loss)	$ (1.94)	$ 0.15
Weighted average shares used in calculating earnings (loss) per share:		
Basic	21,827	21,868
Diluted	21,827	22,311
Comprehensive income:		
Net income (loss)	$ (42,308)	$ 3,304
Foreign currency translation adjustments, net of tax	(779)	316
Unrealized gain (loss) on investment, net of tax	(258)	2,657
Unrealized loss on cash flow hedging instruments, net of tax	(1,685)	(237)
Other comprehensive income (loss)	(2,722)	2,736
Comprehensive income (loss)	$ (45,030)	$ 6,040

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

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

	Three Months Ended March 31, 2020							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	24,603,308	$ 247	(2,763,302)	$ (128,348)	$ 460,781	$ 237,849	$ 14,936	$ 585,465
Comprehensive income						(42,308)	(2,722)	(45,030)
Issuance of common stock in connection with:								
Restricted stock awards, net of cancellations	250,544	2	102,467	7,115	(7,117)			—
Exercise of stock options	20,000	—			468			468
Share-based compensation					11,720			11,720
Shares redeemed for employee tax withholdings			(120,000)	(7,133)				(7,133)
Share repurchases	(313,998)	(3)			(20,878)			(20,881)
Balance at March 31, 2020	24,559,854	$ 246	(2,780,835)	$ (128,366)	$ 444,974	$ 195,541	$ 12,214	$ 524,609

	Three Months Ended March 31, 2019							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	24,418,252	$ 244	(2,671,962)	$ (124,794)	$ 452,573	$ 196,106	$ 16,495	$ 540,624
Comprehensive income						3,304	2,736	6,040
Issuance of common stock in connection with:								
Restricted stock awards, net of cancellations	254,550	3	27,612	2,196	(2,199)			—
Exercise of stock options	10,000	—			234			234
Share-based compensation					7,140			7,140
Shares redeemed for employee tax withholdings			(94,500)	(4,385)				(4,385)
Balance at March 31, 2019	24,682,802	$ 247	(2,738,850)	$ (126,983)	$ 457,748	$ 199,410	$ 19,231	$ 549,653

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

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

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities:		
Net income (loss)	$ (42,308)	$ 3,304
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	7,415	8,538
Non-cash lease expense	1,938	2,172
Lease impairment charge	—	740
Share-based compensation	8,504	5,366
Amortization of debt discount and issuance costs	198	2,618
Goodwill impairment charges	59,816	—
Allowances for doubtful accounts	21	59
Deferred income taxes	(14,016)	—
Loss on sale of business	102	—
Change in fair value of contingent consideration liabilities	—	(391)
Changes in operating assets and liabilities, net of divestiture:		
(Increase) decrease in receivables from clients, net	11,698	5,129
(Increase) decrease in unbilled services, net	(9,138)	(16,850)
(Increase) decrease in current income tax receivable / payable, net	2,332	3,490
(Increase) decrease in other assets	4,304	(2,554)
Increase (decrease) in accounts payable and other liabilities	(3,708)	2,396
Increase (decrease) in accrued payroll and related benefits	(84,910)	(54,151)
Increase (decrease) in deferred revenues	1,606	1,845
Net cash used in operating activities	(56,146)	(38,289)
Cash flows from investing activities:		
Purchases of property and equipment, net	(1,001)	(2,349)
Purchases of investment securities	(13,000)	—
Investment in life insurance policies	(1,472)	(3,645)
Capitalization of internally developed software costs	(2,922)	(2,093)
Net cash used in investing activities	(18,395)	(8,087)
Cash flows from financing activities:		
Proceeds from exercises of stock options	468	234
Shares redeemed for employee tax withholdings	(7,133)	(4,385)
Share repurchases	(22,115)	—
Proceeds from bank borrowings	281,000	40,500
Repayments of bank borrowings	(38,131)	(14,627)
Net cash provided by financing activities	214,089	21,722
Effect of exchange rate changes on cash	(143)	73
Net increase (decrease) in cash and cash equivalents	139,405	(24,581)
Cash and cash equivalents at beginning of the period	11,604	33,107
Cash and cash equivalents at end of the period	$ 151,009	$ 8,526
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Property and equipment expenditures and capitalized software included in accounts payable and accrued expenses	$ 3,716	$ 1,913

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

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

1. Description of Business

Huron is a global consultancy that collaborates with clients to drive strategic growth, ignite innovation and navigate constant change. Through a combination of strategy, expertise and creativity, we help clients accelerate operational, digital and cultural transformation, enabling the change they need to own their future. By embracing diverse perspectives, encouraging new ideas and challenging the status quo, we create sustainable results for the organizations we serve.

2. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited consolidated financial statements reflect the financial position, results of operations, and cash flows as of and for the three months ended March 31, 2020 and 2019. These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q. Accordingly, these financial statements do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements. In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair statement of our financial position, results of operations, and cash flows for the interim periods presented in conformity with GAAP. These financial statements should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2019 included in our Annual Report on Form 10-K. Our results for any interim period are not necessarily indicative of results for a full year or any other interim period.

3. New Accounting Pronouncements

Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which provides a new current expected credit loss model to account for credit losses on certain financial assets, including trade receivables. That model requires an entity to estimate lifetime credit losses based on relevant historical information, adjusted for current conditions and reasonable and supportable forecasts that could affect the collectability of the reported amount. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities, which includes requiring the recognition of an allowance rather than a direct write-down of the investment, which may be reversed in the event that the credit of an issuer improves. We adopted ASU 2016-13 effective January 1, 2020, which did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies certain disclosure requirements related to fair value measurements. We adopted ASU 2018-13 effective January 1, 2020, which had no impact on the amounts reported on our consolidated financial statements. We updated our disclosures within the notes to our consolidated financial statements as required by ASU 2018-13.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740, *Income Taxes*, related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies other aspects of the accounting for franchise taxes and enacted changes in tax laws or tax rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. On January 1, 2020, we elected to early adopt ASU 2019-12 on a modified retrospective basis for those amendments that are not applied on a prospective basis. The adoption of ASU 2019-12 did not have a material impact on our consolidated financial statements.

(Tabular amounts in thousands, except per share amounts)

4. Goodwill and Intangible Assets

The table below sets forth the changes in the carrying amount of goodwill by reportable segment for the three months ended March 31, 2020.

	Healthcare	Business Advisory	Education	Total
Balance as of December 31, 2019:				
Goodwill	$ 636,810	$ 302,057	$ 103,889	$ 1,042,756
Accumulated impairment losses	(208,081)	(187,995)	—	(396,076)
Goodwill, net as of December 31, 2019	428,729	114,062	103,889	646,680
Goodwill impairment charges	—	(59,816)	—	(59,816)
Foreign currency translation	—	(629)	—	(629)
Goodwill, net as of March 31, 2020	$ 428,729	$ 53,617	$ 103,889	$ 586,235

First Quarter 2020 Goodwill Impairment Charges

The worldwide spread of coronavirus (COVID-19) in the first quarter of 2020 has created significant volatility, uncertainty and disruption to the global economy. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our clients, employees and business partners. While the COVID-19 pandemic did not have a significant impact on our consolidated revenues in the first quarter of 2020, we expect it to have an unfavorable impact on sales and business development activities and full year 2020 results. Additionally, we expect a decrease in the demand for the services we provide that may be considered by our clients to be more discretionary in nature. The services provided by our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment focus on strategic solutions for healthy, well-capitalized companies to identify new growth opportunities and may be considered by our clients to be more discretionary in nature; therefore, we are cautious about near-term results for these two reporting units. Based on our internal projections and the preparation of our financial statements for the quarter ended March 31, 2020, and considering the expected decrease in demand due to the COVID-19 pandemic, we believed that the fair value of these two reporting units may no longer exceed their carrying values and performed an interim impairment test on both reporting units.

Our goodwill impairment test was performed by comparing the fair value of each of the Strategy and Innovation and Life Sciences reporting units with their respective carrying values and recognizing an impairment charge for the amount by which the carrying value exceeded the fair value. To estimate the fair value of each reporting unit, we relied on a combination of the income approach and the market approach, utilizing the guideline company method, with a fifty-fifty weighting. Based on the estimated fair values of the Strategy and Innovation and Life Sciences reporting units described below, we recorded non-cash pretax goodwill impairment charges of $49.9 million and $9.9 million, respectively, in the first quarter of 2020. The $49.9 million non-cash pretax charge related to the Strategy and Innovation reporting unit reduced the goodwill balance of the reporting unit to $37.5 million. The $9.9 million non-cash pretax charge related to the Life Sciences reporting unit reduced the goodwill balance of the reporting unit to zero.

Concurrently with the goodwill impairment tests performed over the Strategy and Innovation and Life Sciences reporting units, we evaluated whether any indicators exist that would lead us to believe that the fair values of our Healthcare, Education, and Business Advisory reporting units may not exceed their carrying values. Based on our internal projections, consideration of the impact of the COVID-19 pandemic on these reporting units, and review of the amounts by which the fair values of these reporting units exceeded their carrying values in the most recent quantitative goodwill impairment analysis performed, we did not identify any indicators that would lead us to believe that the fair values of these reporting units may not exceed their carrying values as of March 31, 2020.

In connection with the goodwill impairment tests performed on the Strategy and Innovation and Life Sciences reporting units, we performed impairment tests on the long-lived assets allocated to the asset groups of the Strategy and Innovation and Life Sciences reporting units. Based on the impairment tests performed, we concluded that the long-lived assets allocated to the asset groups were not impaired as of March 31, 2020. We did not identify any indicators that would lead us to believe that the carrying values of the long-lived assets allocated to our other asset groups may not be recoverable as of March 31, 2020.

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

Intangible Assets

Intangible assets as of March 31, 2020 and December 31, 2019 consisted of the following:

		As of March 31, 2020		As of December 31, 2019	
	Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	3 to 13	$ 87,379	$ 64,265	$ 87,577	$ 61,882
Trade names	5 to 6	28,930	26,192	28,930	25,894
Technology and software	5	5,440	4,456	5,694	4,321
Non-competition agreements	5	2,220	1,559	2,220	1,447
Customer contracts	2	800	170	800	52
Total		$ 124,769	$ 96,642	$ 125,221	$ 93,596

Identifiable intangible assets with finite lives are amortized over their estimated useful lives. Customer relationships and customer contracts, as well as certain trade names and technology and software, are amortized on an accelerated basis to correspond to the cash flows expected to be derived from the assets. All other intangible assets with finite lives are amortized on a straight-line basis.

Intangible asset amortization expense was $3.2 million and $4.5 million for the three months ended March 31, 2020 and 2019, respectively. The table below sets forth the estimated annual amortization expense for the intangible assets recorded as of March 31, 2020.

Year Ending December 31,	Estimated Amortization Expense
2020	$ 12,561
2021	$ 8,358
2022	$ 6,111
2023	$ 3,512
2024	$ 741

Actual future amortization expense could differ from these estimated amounts as a result of future acquisitions, dispositions, and other factors.

5. Revenues

For the three months ended March 31, 2020 and 2019, we recognized revenues of $222.6 million and $204.4 million, respectively. Of the $222.6 million recognized in the first quarter of 2020, we recognized revenues of $7.9 million from obligations satisfied, or partially satisfied, in prior periods, of which $4.8 million was due to changes in the estimates of our variable consideration under performance-based billing arrangements and $3.1 million was primarily due to the release of allowances on unbilled services as a result of securing contract amendments. Of the $204.4 million recognized in the first quarter of 2019, we recognized revenues of $3.9 million from obligations satisfied, or partially satisfied, in prior periods, due to the release of allowances on unbilled services due to securing contract amendments. During the first quarter of 2019, we recognized a $1.2 million decrease to revenues due to changes in the estimates of our variable consideration under performance-based billing arrangements.

As of March 31, 2020, we had $92.5 million of remaining performance obligations under engagements with original expected durations greater than one year. These remaining performance obligations exclude obligations under contracts with an original expected duration of one year or less, variable consideration which has been excluded from the total transaction price due to the constraint, and performance obligations under time-and-expense engagements which are recognized in the amount invoiced. Of the $92.5 million of performance obligations, we expect to recognize approximately $49.6 million as revenue in 2020, $28.2 million in 2021, and the remaining $14.7 million thereafter. Actual revenue recognition could differ from these amounts as a result of changes in the estimated timing of work to be performed, adjustments to estimated variable consideration in performance-based arrangements, or other factors.

Contract Assets and Liabilities

The payment terms and conditions in our customer contracts vary. Differences between the timing of billings and the recognition of revenue are recognized as either unbilled services or deferred revenues in the consolidated balance sheets.

(Tabular amounts in thousands, except per share amounts)

Unbilled services include revenues recognized for services performed but not yet billed to clients. Services performed that we are not yet entitled to bill because certain events, such as the completion of the measurement period or client approval in performance-based engagements, must occur are recorded as contract assets and included within unbilled services, net. The contract asset balance as of March 31, 2020 and December 31, 2019 was $12.4 million and $12.6 million, respectively. The $0.2 million decrease primarily reflects timing differences between the completion of our performance obligations and the amounts billed or billable to clients in accordance with their contractual billing terms.

Client prepayments and retainers are classified as deferred revenues and recognized over future periods in accordance with the applicable engagement agreement and our revenue recognition policy. Our deferred revenues balance as of March 31, 2020 and December 31, 2019, was $30.0 million and $28.4 million, respectively. The $1.6 million increase primarily reflects timing differences between client payments in accordance with their contract terms and the completion of our performance obligations. For the three months ended March 31, 2020, $14.4 million of revenues recognized were included in the deferred revenue balance as of December 31, 2019.

6. Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period, excluding unvested restricted common stock. Diluted earnings per share reflects the potential reduction in earnings per share that could occur if securities or other contracts to issue common stock were exercised or converted into common stock under the treasury stock method. Such securities or other contracts include unvested restricted stock awards, outstanding common stock options, convertible senior notes, and outstanding warrants, to the extent dilutive. In periods for which we report a net loss from continuing operations, diluted weighted average common shares outstanding excludes all potential common stock equivalents as their impact on diluted net loss from continuing operations per share would be anti-dilutive. Earnings (loss) per share under the basic and diluted computations are as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Net income (loss) from continuing operations	$ (42,273)	$ 3,350
Income (loss) from discontinued operations, net of tax	(35)	(46)
Net income (loss)	$ (42,308)	$ 3,304
Weighted average common shares outstanding – basic	21,827	21,868
Weighted average common stock equivalents	—	443
Weighted average common shares outstanding – diluted	21,827	22,311
Net earnings (loss) per basic share:		
Net income (loss) from continuing operations	$ (1.94)	$ 0.15
Income (loss) from discontinued operations, net of tax	—	—
Net income (loss)	$ (1.94)	$ 0.15
Net earnings (loss) per diluted share:		
Net income (loss) from continuing operations	$ (1.94)	$ 0.15
Income (loss) from discontinued operations, net of tax	—	—
Net income (loss)	$ (1.94)	$ 0.15

(Tabular amounts in thousands, except per share amounts)

The number of anti-dilutive securities excluded from the computation of the weighted average common stock equivalents presented above were as follows:

	As of March 31,	
	2020	2019
Unvested restricted stock awards	992	12
Outstanding common stock options	86	—
Convertible senior notes	—	3,129
Warrants related to the issuance of convertible senior notes	3,129	3,129
Total anti-dilutive securities	4,207	6,270

See Note 7 “Financing Arrangements” for further information on the convertible senior notes and warrants related to the issuance of convertible notes.

We currently have a share repurchase program permitting us to repurchase up to $125 million of our common stock through October 31, 2020 (the “Share Repurchase Program”). The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, capacity under our credit facility, general market and business conditions, and applicable legal requirements. In the first quarter of 2020, we repurchased and retired 313,998 shares for $20.9 million. The 313,998 shares repurchased and retired in the first quarter of 2020 were included as a reduction to our basic weighted average shares outstanding for the quarter ended March 31, 2020 based on the trade date of the share repurchase. Additionally, in the first quarter of 2020, we settled the repurchase of 18,000 shares for $1.2 million that were accrued as of December 31, 2019. These shares were reflected as a reduction to our basic weighted average shares outstanding in the fourth quarter of 2019 based on the trade date of the share repurchase. No shares were repurchased during the first three months of 2019. As of March 31, 2020, less than $0.1 million remains available for share repurchases.

7. Financing Arrangements

A summary of the carrying amounts of our debt follows:

	March 31, 2020	December 31, 2019
Senior secured credit facility	$ 448,000	$ 205,000
Promissory note due 2024	3,722	3,853
Total long-term debt	$ 451,722	$ 208,853
Current maturities of long-term debt	(533)	(529)
Long-term debt, net of current portion	$ 451,189	$ 208,324

Below is a summary of the scheduled remaining principal payments of our debt as of March 31, 2020.

	Principal Payments of Long-Term Debt
2020	$ 398
2021	$ 544
2022	$ 559
2023	$ 575
2024	$ 449,646

Convertible Notes

In September 2014, the Company issued $250 million principal amount of 1.25% convertible senior notes due 2019 (the “Convertible Notes”) in a private offering. The Convertible Notes were governed by the terms of an indenture between the Company and U.S. Bank National Association, as Trustee (the “Indenture”). The Convertible Notes were senior unsecured obligations of the Company and paid interest semi-annually on April 1 and October 1 of each year at an annual rate of 1.25%.

(Tabular amounts in thousands, except per share amounts)

Prior to maturity, upon conversion, the Convertible Notes would have been settled, at our election, in cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. Our intent and policy was to settle conversions with a combination of cash and shares of common stock with the principal amount of the Convertible Notes paid in cash, in accordance with the settlement provisions of the Indenture.

Upon issuance, we separated the Convertible Notes into liability and equity components. The carrying value of the equity component representing the conversion option, which was recognized as a debt discount, was determined by deducting the fair value of the liability component from the proceeds of the Convertible Notes. The debt discount was amortized to interest expense using an effective interest rate of 4.751% over the term of the Convertible Notes. The equity component was not remeasured as it continued to meet the conditions for equity classification.

The transaction costs related to the issuance of the Convertible Notes were separated into liability and equity components based on their relative values. Transaction costs attributable to the liability component were recorded as a deduction to the carrying amount of the liability and amortized to interest expense over the term of the Convertible Notes; and transaction costs attributable to the equity component were netted with the equity component of the Convertible Notes in stockholders' equity.

The following table presents the amount of interest expense recognized related to the Convertible Notes for the period presented.

	Three Months Ended March 31, 2019
Contractual interest coupon	$ 781
Amortization of debt discount	2,120
Amortization of debt issuance costs	315
Total interest expense	$ 3,216

In connection with the issuance of the Convertible Notes, we entered into convertible note hedge transactions and warrant transactions. The convertible note hedge transactions were intended to reduce the potential future economic dilution associated with the conversion of the Convertible Notes and, combined with the warrants, effectively raised the price at which economic dilution would occur from the initial conversion price of approximately $79.89 to approximately $97.12 per share. The convertible note hedge transactions expired in the third quarter of 2019. The holders of the warrants have the option to purchase an initial total of approximately 3.1 million shares of the Company's common stock at a strike price of approximately $97.12. The warrants are expiring incrementally on 100 different dates from January 6, 2020 to May 28, 2020 and are exercisable at each such expiry date. If the average market value per share of our common stock for the reporting period exceeds the strike price of the warrants, the warrants will have a dilutive effect on our earnings per share. The warrants are separate transactions and are not part of the terms of the Convertible Notes or the convertible note hedge transactions.

Senior Secured Credit Facility

The Company has a $600 million senior secured revolving credit facility, subject to the terms of a Second Amended and Restated Credit Agreement dated as of March 31, 2015, as amended to date (as amended and modified the "Amended Credit Agreement"), that becomes due and payable in full upon maturity on September 27, 2024. The Amended Credit Agreement provides the option to increase the revolving credit facility or establish term loan facilities in an aggregate amount of up to $150 million, subject to customary conditions and the approval of any lender whose commitment would be increased, resulting in a maximum available principal amount under the Amended Credit Agreement of $750 million. The initial borrowings under the Amended Credit Agreement were used to refinance borrowings outstanding under a prior credit agreement, and future borrowings under the Amended Credit Agreement may be used for working capital, capital expenditures, acquisitions of businesses, share repurchases, and general corporate purposes.

Fees and interest on borrowings vary based on our Consolidated Leverage Ratio (as defined in the Amended Credit Agreement). At our option, borrowings under the Amended Credit Agreement will bear interest at one, two, three or six-month LIBOR or an alternate base rate, in each case plus the applicable margin. The applicable margin will fluctuate between 1.125% per annum and 1.875% per annum, in the case of LIBOR borrowings, or between 0.125% per annum and 0.875% per annum, in the case of base rate loans, based upon our Consolidated Leverage Ratio at such time.

Amounts borrowed under the Amended Credit Agreement may be prepaid at any time without premium or penalty. We are required to prepay the amounts outstanding under the Amended Credit Agreement in certain circumstances, including upon an Event of Default (as defined in the Amended Credit Agreement). In addition, we have the right to permanently reduce or terminate the unused portion of the commitments provided under the Amended Credit Agreement at any time.

The loans and obligations under the Amended Credit Agreement are secured pursuant to a Second Amended and Restated Security Agreement and a Second Amended and Restated Pledge Agreement (as amended, the “Pledge Agreement”) with Bank of America, N.A. as collateral agent, pursuant to which the Company and the subsidiary guarantors grant Bank of America, N.A., for the ratable benefit of the lenders under the Amended Credit Agreement, a first-priority lien, subject to permitted liens, on substantially all of the personal property assets of the Company and the subsidiary guarantors, and a pledge of 100% of the stock or other equity interests in all domestic subsidiaries and 65% of the stock or other equity interests in each “material first-tier foreign subsidiary” (as defined in the Pledge Agreement).

The Amended Credit Agreement contains usual and customary representations and warranties; affirmative and negative covenants, which include limitations on liens, investments, additional indebtedness, and restricted payments; and two quarterly financial covenants as follows: (i) a maximum Consolidated Leverage Ratio (defined as the ratio of debt to consolidated EBITDA) of 3.75 to 1.00; however the maximum permitted Consolidated Leverage Ratio will increase to 4.00 to 1.00 upon the occurrence of certain transactions, and (ii) a minimum Consolidated Interest Coverage Ratio (defined as the ratio of consolidated EBITDA to interest) of 3.50 to 1.00. Consolidated EBITDA for purposes of the financial covenants is calculated on a continuing operations basis and includes adjustments to add back non-cash goodwill impairment charges, share-based compensation costs, certain non-cash restructuring charges, pro forma historical EBITDA for businesses acquired, and other specified items in accordance with the Amended Credit Agreement. At March 31, 2020, we were in compliance with these financial covenants with a Consolidated Leverage Ratio of 3.48 to 1.00 and a Consolidated Interest Coverage Ratio of 15.13 to 1.00.

Borrowings outstanding under the Amended Credit Agreement at March 31, 2020 totaled $448.0 million. These borrowings carried a weighted average interest rate of 2.3%, including the effect of the interest rate swaps described in Note 9 “Derivative Instruments and Hedging Activity." Borrowings outstanding under the Amended Credit Agreement at December 31, 2019 were $205.0 million and carried a weighted average interest rate of 3.0%, including the effect of the interest rate swap outstanding at the time and described in Note 9 “Derivative Instruments and Hedging Activity." The borrowing capacity under the revolving credit facility is reduced by any outstanding borrowings under the revolving credit facility and outstanding letters of credit. At March 31, 2020, we had outstanding letters of credit totaling $1.6 million, which are primarily used as security deposits for our office facilities. As of March 31, 2020, the unused borrowing capacity under the revolving credit facility was $150.4 million.

Promissory Note due 2024

On June 30, 2017, in conjunction with our purchase of an aircraft related to the acquisition of Innosight, we assumed, from the sellers of the aircraft, a promissory note with an outstanding principal balance of $5.1 million. The principal balance of the promissory note is subject to scheduled monthly principal payments until the maturity date of March 1, 2024, at which time a final payment of $1.5 million, plus any accrued and unpaid interest, will be due. Under the terms of the promissory note, we will pay interest on the outstanding principal amount at a rate of one month LIBOR plus 1.97% per annum. The obligations under the promissory note are secured pursuant to a Loan and Aircraft Security Agreement with Banc of America Leasing & Capital, LLC, which grants the lender a first priority security interest in the aircraft. At March 31, 2020, the outstanding principal amount of the promissory note was $3.7 million, and the aircraft had a carrying amount of $4.9 million. At December 31, 2019, the outstanding principal amount of the promissory note was $3.9 million, and the aircraft had a carrying amount of $5.1 million.

8. Restructuring Charges

Restructuring charges for the first three months of 2020 totaled $1.6 million, compared to $1.3 million for the first three months of 2019. The $1.6 million restructuring charge incurred in the first quarter of 2020 related to a $1.2 million accrual for the termination of a third-party advisor agreement, $0.3 million related to workforce reductions to better align resources with market demand, and $0.1 million related to workforce reductions in our corporate operations. During the first quarter of 2019, we exited a portion of our Lake Oswego, Oregon corporate office resulting in a $0.7 million lease impairment charge on the related operating lease right-of-use asset and leasehold improvements and $0.2 million of accelerated depreciation on furniture and fixtures in that office. Additionally, we recognized a $0.2 million restructuring charge related to workforce reductions in our corporate operations.

(Tabular amounts in thousands, except per share amounts)

The table below sets forth the changes in the carrying amount of our restructuring charge liability by restructuring type for the three months ended March 31, 2020.

	Employee Costs	Office Space Reductions	Other	Total
Balance as of December 31, 2019	$ 68	$ 91	$ —	$ 159
Additions	411	—	1,188	1,599
Payments	(473)	—	(67)	(540)
Adjustments	8	—	—	8
Balance as of March 31, 2020	$ 14	$ 91	$ 1,121	$ 1,226

The $0.1 million restructuring charge liability related to office space reductions at March 31, 2020 is included as a component of accrued expenses and other current liabilities and deferred compensation and other liabilities. The restructuring charge liability related to employee costs at March 31, 2020 is expected to be paid in the next 12 months and is included as a component of accrued payroll and related benefits. The $1.1 million restructuring charge liability related to the termination of a third-party advisor agreement at March 31, 2020 is expected to be paid over the next 34 months and is included as a component of accrued expenses and other current liabilities and deferred compensation and other liabilities.

9. Derivative Instruments and Hedging Activity

On June 22, 2017, we entered into a forward interest rate swap agreement effective August 31, 2017 and ending August 31, 2022, with a notional amount of $50.0 million. We entered into this derivative instrument to hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one month LIBOR and we pay to the counterparty a fixed rate of 1.900%.

On January 30, 2020, we entered into a forward interest rate swap agreement effective December 31, 2019 and ending December 31, 2024, with a notional amount of $50.0 million. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one month LIBOR and we pay to the counterparty a fixed rate of 1.500%.

On March 16, 2020, we entered into a forward interest rate swap agreement effective February 28, 2020 and ending February 28, 2025, with a notional amount of $100.0 million. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one month LIBOR and we pay to the counterparty a fixed rate of 0.885%.

We recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. We have designated these derivative instruments as cash flow hedges. Therefore, changes in the fair value of the derivative instruments are recorded to other comprehensive income (“OCI”) to the extent effective and reclassified into interest expense upon settlement. As of March 31, 2020, it was anticipated that $1.4 million of the losses, net of tax, currently recorded in accumulated other comprehensive income will be reclassified into earnings within the next 12 months.

The table below sets forth additional information relating to the interest rate swaps designated as a cash flow hedging instrument as of March 31, 2020 and December 31, 2019.

	Fair Value (Derivative Asset and Liability)	
Balance Sheet Location	March 31, 2020	December 31, 2019
Accrued expenses and other current liabilities	$ 1,156	$ 159
Deferred compensation and other liabilities	$ 1,666	$ 387

All of our derivative instruments are transacted under the International Swaps and Derivatives Association (ISDA) master agreements. These agreements permit the net settlement of amounts owed in the event of default and certain other termination events. Although netting is permitted, it is our policy to record all derivative assets and liabilities on a gross basis on our consolidated balance sheet.

(Tabular amounts in thousands, except per share amounts)

We do not use derivative instruments for trading or other speculative purposes. Refer to Note 11 “Other Comprehensive Income (Loss)” for additional information on our derivative instruments.

10. Fair Value of Financial Instruments

Certain of our assets and liabilities are measured at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value and requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy consists of three levels based on the objectivity of the inputs as follows:

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

The table below sets forth our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2020 and December 31, 2019.

	Level 1	Level 2	Level 3	Total
March 31, 2020				
Assets:				
Convertible debt investment	$ —	$ —	$ 62,194	$ 62,194
Deferred compensation assets	—	24,220	—	24,220
Total assets	$ —	$ 24,220	$ 62,194	$ 86,414
Liabilities:				
Interest rate swaps	$ —	$ 2,822	$ —	$ 2,822
Total liabilities	$ —	$ 2,822	$ —	$ 2,822
December 31, 2019				
Assets:				
Convertible debt investment	—	—	49,542	49,542
Deferred compensation assets	—	27,445	—	27,445
Total assets	$ —	$ 27,445	$ 49,542	$ 76,987
Liabilities:				
Interest rate swap	$ —	$ 546	$ —	$ 546
Total liabilities	$ —	$ 546	$ —	$ 546

Interest rate swaps: The fair values of our interest rate swaps were derived using estimates to settle the interest rate swap agreements, which are based on the net present value of expected future cash flows on each leg of the swaps utilizing market-based inputs and a discount rate reflecting the risks involved.

Convertible debt investment: In 2014 and 2015, we invested $27.9 million, in the form of zero coupon convertible debt (the "initial convertible notes"), in Shorelight Holdings, LLC (“Shorelight”), the parent company of Shorelight, a U.S.-based company that partners with leading nonprofit universities to increase access to and retention of international students, boost institutional growth, and enhance an institution’s global footprint. In the first quarter of 2020, we invested an additional $13.0 million, in the form of 1.69% convertible debt with a senior liquidation preference to the initial convertible notes (the "additional convertible note"); and amended our initial convertible notes to include a coupon rate of 1.69% and extend the maturity date to January 17, 2024, which coincides with the maturity date of the additional convertible note.

(Tabular amounts in thousands, except per share amounts)

To determine the appropriate accounting treatment for our investment, we performed a variable interest entity (“VIE”) analysis and concluded that Shorelight does not meet the definition of a VIE. We also reviewed the characteristics of our investment to confirm that the convertible notes are not in-substance common stock that would warrant equity method accounting. After we reviewed all of the terms of the investment, we concluded the appropriate accounting treatment to be that of an available-for-sale debt security.

The investment is carried at fair value with unrealized holding gains and losses excluded from earnings and reported in other comprehensive income. We estimate the fair value of our investment using a scenario-based approach in the form of a hybrid analysis that consists of a Monte Carlo simulation model and an expected return analysis. The conclusion of value for our investment is based on the probability weighted assessment of both scenarios. The hybrid analysis utilizes certain assumptions including the assumed holding period through the maturity date of January 17, 2024, the applicable waterfall distribution at the end of the expected holding period based on the rights and privileges of the various instruments, cash flow projections discounted at the risk-adjusted rate of 26%, and the concluded equity volatility of 42.5%, all of which are Level 3 inputs. The valuation of our investment as of December 31, 2019 takes into consideration the equity value indication as well as the dilutive impact of the convertible debt issued by Shorelight in the first quarter of 2020, the terms of which were known or knowable as of December 31, 2019. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the investment, which would result in different impacts to our consolidated balance sheet and comprehensive income. Actual results may differ from our estimates. The fair value of the convertible debt investment is recorded in long-term investments on our consolidated balance sheets.

The table below sets forth the changes in the balance of the convertible debt investment for the three months ended March 31, 2020.

	Convertible Debt Investment
Balance as of December 31, 2019	$ 49,542
Purchases	13,000
Change in fair value of convertible debt investment	(348)
Balance as of March 31, 2020	$ 62,194

Deferred compensation assets: We have a non-qualified deferred compensation plan (the "Plan") for the members of our board of directors and a select group of our employees. The deferred compensation liability is funded by the Plan assets, which consist of life insurance policies maintained within a trust. The cash surrender value of the life insurance policies approximates fair value and is based on third-party broker statements which provide the fair value of the life insurance policies' underlying investments, which are Level 2 inputs. The cash surrender value of the life insurance policies is invested primarily in mutual funds. The Plan assets are included in other non-current assets on our consolidated balance sheets. Realized and unrealized gains (losses) from the deferred compensation assets are recorded to other income (expense), net in our consolidated statements of operations.

Financial assets and liabilities not recorded at fair value are as follows:

Preferred Stock Investment

In the fourth quarter of 2019, we invested $5.0 million, in the form of preferred stock, in Medically Home Group, Inc. ("Medically Home"), a healthcare technology-enabled services company. To determine the appropriate accounting treatment for our investment, we performed a VIE analysis and concluded that Medically Home does not meet the definition of a VIE. We also reviewed the characteristics of our investment to confirm that the preferred stock is not in-substance common stock that would warrant equity method accounting. After we reviewed all of the terms of the investment, we concluded the appropriate accounting treatment for our investment in Medically Home to be that of an equity security with no readily determinable fair value. We elected to apply the measurement alternative at the time of the purchase and will continue to do so until the investment does not qualify to be so measured. Under the measurement alternative, the investment is carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment in Medically Home. On a quarterly basis, we review the information available to determine whether an orderly and observable transaction for the same or similar equity instrument occurred, and remeasure the fair value of the preferred stock using such identified transactions, with changes in the fair value recorded in consolidated statement of operations. Following our purchase, there has been no impairment, nor any observable price changes to our investment.

(Tabular amounts in thousands, except per share amounts)

Senior Secured Credit Facility

The carrying value of our borrowings outstanding under our senior secured credit facility is stated at cost. Our carrying value approximates fair value, using Level 2 inputs, as the senior secured credit facility bears interest at variable rates based on current market rates as set forth in the Amended Credit Agreement. Refer to Note 7 “Financing Arrangements” for additional information on our senior secured credit facility.

Promissory Note due 2024

The carrying value of our promissory note due 2024 is stated at cost. Our carrying value approximates fair value, using Level 2 inputs, as the promissory note bears interest at rates based on current market rates as set forth in the terms of the promissory note. Refer to Note 7 “Financing Arrangements” for additional information on our promissory note due 2024.

Cash and Cash Equivalents and Other Financial Instruments

Cash and cash equivalents are stated at cost, which approximates fair market value. The carrying values of all other financial instruments not described above reasonably approximate fair market value due to the nature of the financial instruments and the short-term maturity of these items.

11. Other Comprehensive Income (Loss)

The table below sets forth the components of other comprehensive income (loss), net of tax, for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Before Taxes	Tax (Expense) Benefit	Net of Taxes	Before Taxes	Tax (Expense) Benefit	Net of Taxes
Other comprehensive income (loss):						
Foreign currency translation adjustments	$ (779)	$ —	$ (779)	$ 316	$ —	$ 316
Unrealized gain (loss) on investment	$ (348)	$ 90	$ (258)	$ 3,609	$ (952)	$ 2,657
Unrealized gain (loss) on cash flow hedges:						
Change in fair value	$ (2,272)	$ 590	$ (1,682)	$ (247)	$ 65	$ (182)
Reclassification adjustments into earnings	(4)	1	(3)	(74)	19	(55)
Net unrealized gain (loss)	$ (2,276)	$ 591	$ (1,685)	$ (321)	$ 84	$ (237)
Other comprehensive income (loss)	$ (3,403)	$ 681	$ (2,722)	$ 3,604	$ (868)	$ 2,736

The before tax amounts reclassified from accumulated other comprehensive income related to our cash flow hedges are recorded to interest expense, net of interest income.

Accumulated other comprehensive income, net of tax, includes the following components:

	Foreign Currency Translation	Available-for-Sale Investment	Cash Flow Hedges	Total
Balance, December 31, 2019	$ (566)	$ 15,882	$ (380)	$ 14,936
Current period change	(779)	(258)	(1,685)	(2,722)
Balance, March 31, 2020	$ (1,345)	$ 15,624	$ (2,065)	$ 12,214

12. Income Taxes

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act is an approximately $2 trillion emergency economic stimulus package in response to the COVID-19 outbreak, which among other items, includes income tax provisions relating to net operating loss carryback periods and technical corrections to tax depreciation methods for qualified improvement property. As a result of the enactment of this legislation during the first quarter of 2020, we recorded a tax benefit of $0.8 million related to the remeasurement of a portion of our income tax receivable due to the ability to apply the federal net operating loss incurred in 2018 to prior year income for a refund at a higher tax rate in the carryback period.

For the three months ended March 31, 2020, our effective tax rate was 21.0% as we recognized an income tax benefit from continuing operations of $11.2 million on a loss from continuing operations of $53.5 million. The effective tax rate of 21.0% was less favorable than the statutory rate, inclusive of state income taxes, of 26.0% primarily due to certain nondeductible expense items, non-deductible losses on our investments used to fund our deferred compensation liability, and the nondeductible portion of the goodwill impairment charges recorded during the first quarter of 2020. These unfavorable items were partially offset by a discrete tax benefit for share-based compensation awards that vested during the quarter and the discrete tax benefit for the remeasurement of a portion of our income tax receivable as a result of the enactment of the CARES Act in the first quarter of 2020.

For the three months ended March 31, 2019, our effective tax rate was 29.0% as we recognized income tax expense from continuing operations of $1.4 million on income from continuing operations of $4.7 million. The effective tax rate of 29.0% was less favorable than the statutory rate, inclusive of state income taxes, of 26.4% primarily due to foreign losses with no tax benefit and disallowed executive compensation deductions. These unfavorable items were partially offset by a discrete tax benefit for share-based compensation awards that vested during the first quarter of 2019.

13. Commitments, Contingencies and Guarantees

Litigation

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

Guarantees

Guarantees in the form of letters of credit totaling $1.6 million and $1.7 million were outstanding at March 31, 2020 and December 31, 2019, respectively, primarily to support certain office lease obligations.

In connection with certain business acquisitions, we may be required to pay post-closing consideration to the sellers if specific financial performance targets are met over a number of years as specified in the related purchase agreements. As of March 31, 2020 and December 31, 2019, the total estimated fair value of our contingent consideration liability was zero.

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

14. Segment Information

Segments are defined as components of a company that engage in business activities from which they may earn revenues and incur expenses, and for which separate financial information is available and is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker, who is our chief executive officer, manages the business under three operating segments, which are our reportable segments: Healthcare, Business Advisory, and Education.

- **Healthcare**

  Our Healthcare segment has a depth of expertise in financial and operational improvement, care transformation, culture and organizational excellence, strategy, and technology and analytics. We serve national and regional hospitals, integrated health systems, academic medical centers, community hospitals, and medical groups. Our solutions help clients evolve and adapt to the rapidly changing healthcare environment and achieve growth, optimize performance, enhance profitability, improve quality and clinical outcomes, align leaders, improve organizational culture, and drive physician, patient, and employee engagement across the enterprise to deliver better consumer outcomes.

We help organizations transform and innovate their delivery model to focus on patient wellness by improving quality outcomes, minimizing care variation and fundamentally improving patient and population health. Our consultants partner with clients to help build and sustain today's business to invest in the future by reducing complexity, improving operational efficiency and growing market share. We enable the healthcare of the future by identifying, integrating and optimizing technology investments to collect data that transforms care delivery and improves patient outcomes. We also develop future leaders capable of driving meaningful cultural and organizational change and who transform the consumer experience.

- **Business Advisory**

  Our Business Advisory segment provides services to large and middle market organizations, lending institutions, law firms, investment banks, private equity firms, and not-for-profit organizations, including higher education and healthcare institutions. We assist clients in a broad range of industries and across the spectrum from healthy, well-capitalized companies to organizations in transition, as well as creditors, equity owners, and other key constituents. Our Enterprise Solutions and Analytics experts advise, deliver, and optimize technology and analytic solutions that enable organizations to manage and optimize their financial performance, operational efficiency, and client or stakeholder experience. Our Business Advisory experts resolve complex business issues and enhance client enterprise value through a suite of services including capital advisory, transaction advisory, operational improvement, restructuring and turnaround, valuation, and dispute advisory. Our Strategy and Innovation professionals collaborate with clients across a range of industries to identify new growth opportunities, build new ventures and capabilities, and accelerate organizational change. Our Life Sciences professionals provide strategic solutions to help pharmaceutical, medical device, and biotechnology companies deliver more value to patients, payers, and providers, and comply with regulations.

- **Education**

  Our Education segment provides consulting and technology solutions to higher education institutions and academic medical centers. We collaborate with clients to address challenges relating to business and technology strategy, financial and operational excellence, student success, research administration, and regulatory compliance. Our research enterprise solutions assist clients in identifying and implementing institutional research strategy, optimizing clinical research operations, improving financial management and cost reimbursement, improving service to faculty, and mitigating risk compliance. Our technology strategy, enterprise applications, and analytic solutions transform and optimize operations, deliver time and cost savings, and enhance the student experience. Our institutional strategy, budgeting and financial management, and business operations align missions with business priorities, improve quality, and reduce costs institution-wide. Our student solutions improve attraction, retention and graduation rates, increase student satisfaction and help generate quality outcomes.

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

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

The table below sets forth information about our operating segments for the three months ended March 31, 2020 and 2019, along with the items necessary to reconcile the segment information to the totals reported in the accompanying consolidated financial statements.

	Three Months Ended March 31,	
	2020	**2019**
Healthcare:		
Revenues	$ 95,578	$ 93,682
Operating income	$ 24,050	$ 27,851
Segment operating income as a percentage of segment revenues	25.2%	29.7%
Business Advisory:		
Revenues	$ 64,905	$ 58,806
Operating income	$ 9,842	$ 9,581
Segment operating income as a percentage of segment revenues	15.2%	16.3%
Education:		
Revenues	$ 62,136	$ 51,957
Operating income	$ 13,116	$ 12,618
Segment operating income as a percentage of segment revenues	21.1%	24.3%
Total Company:		
Revenues	$ 222,619	$ 204,445
Reimbursable expenses	19,303	18,617
Total revenues and reimbursable expenses	$ 241,922	$ 223,062
Segment operating income	$ 47,008	$ 50,050
Items not allocated at the segment level:		
Other operating expenses	27,146	36,578
Litigation and other gains	(150)	(456)
Depreciation and amortization	6,047	7,172
Goodwill impairment charges[1]	59,816	—
Other expense, net	7,637	2,041
Income (loss) from continuing operations before taxes	$ (53,488)	$ 4,715

(1) The goodwill impairment charges are not allocated at the segment level because the underlying goodwill asset is reflective of our corporate investment in the segments. We do not include the impact of goodwill impairment charges in our evaluation of segment performance.

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

The following table illustrates the disaggregation of revenues by billing arrangements, employee types, and timing of revenue recognition, including a reconciliation of the disaggregated revenues to revenues from our three operating segments for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31, 2020			
	Healthcare	Business Advisory	Education	Total
Billing Arrangements				
Fixed-fee	$ 55,785	$ 25,393	$ 13,175	$ 94,353
Time and expense	14,733	37,589	43,711	96,033
Performance-based	18,921	646	—	19,567
Software support, maintenance and subscriptions	6,139	1,277	5,250	12,666
Total	$ 95,578	$ 64,905	$ 62,136	$ 222,619
Employee Type (1)				
Revenue generated by full-time billable consultants	$ 65,445	$ 61,957	$ 53,436	$ 180,838
Revenue generated by full-time equivalents	30,133	2,948	8,700	41,781
Total	$ 95,578	$ 64,905	$ 62,136	$ 222,619
Timing of Revenue Recognition				
Revenue recognized over time	$ 94,459	$ 64,905	$ 62,022	$ 221,386
Revenue recognized at a point in time	1,119	—	114	1,233
Total	$ 95,578	$ 64,905	$ 62,136	$ 222,619

	Three Months Ended March 31, 2019			
	Healthcare	Business Advisory	Education	Total
Billing Arrangements				
Fixed-fee	$ 63,584	$ 21,672	$ 12,383	$ 97,639
Time and expense	12,763	35,309	35,358	83,430
Performance-based	11,810	664	—	12,474
Software support, maintenance and subscriptions	5,525	1,161	4,216	10,902
Total	$ 93,682	$ 58,806	$ 51,957	$ 204,445
Employee Type (1)				
Revenue generated by full-time billable consultants	$ 64,818	$ 57,094	$ 46,007	$ 167,919
Revenue generated by full-time equivalents	28,864	1,712	5,950	36,526
Total	$ 93,682	$ 58,806	$ 51,957	$ 204,445
Timing of Revenue Recognition				
Revenue recognized over time	$ 91,642	$ 58,806	$ 51,711	$ 202,159
Revenue recognized at a point in time	2,040	—	246	2,286
Total	$ 93,682	$ 58,806	$ 51,957	$ 204,445

(1) Full-time billable consultants consist of our full-time professionals who provide consulting services to our clients and are billable to our clients based on the number of hours worked. Full-time equivalent professionals consist of leadership coaches and their support staff within our Healthcare Leadership solution, consultants who work variable schedules as needed by our clients, and full-time employees who provide software support and maintenance services to our clients.

At March 31, 2020 and December 31, 2019, no single client accounted for greater than 10% of our combined balance of receivables from clients, net and unbilled services, net. During the three months ended March 31, 2020 and 2019, no single client generated greater than 10% of our consolidated revenues.

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

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

Statements in this Quarterly Report on Form 10-Q that are not historical in nature, including those concerning the Company's current expectations about its future results, are "forward-looking" statements as defined in Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by words such as "may," "should," "expects," "provides," "anticipates," "assumes," "can," "will," "meets," "could," "likely," "intends," "might," "predicts," "seeks," "would," "believes," "estimates," "plans," "continues," "guidance," or "outlook," or similar expressions. These forward-looking statements reflect our current expectations about our future requirements and needs, results, levels of activity, performance, or achievements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: the impact of the COVID-19 pandemic on the economy, our clients and client demand for our services, and our ability to sell and provide services, including the measures taken by governmental authorities and businesses in response to the pandemic, which may cause or contribute to other risks and uncertainties that we face; failure to achieve expected utilization rates, billing rates, and the number of revenue-generating professionals; inability to expand or adjust our service offerings in response to market demands; our dependence on renewal of client-based services; dependence on new business and retention of current clients and qualified personnel; failure to maintain third-party provider relationships and strategic alliances; inability to license technology to and from third parties; the impairment of goodwill; various factors related to income and other taxes; difficulties in successfully integrating the businesses we acquire and achieving expected benefits from such acquisitions; risks relating to privacy, information security, and related laws and standards; and a general downturn in market conditions. These forward-looking statements involve known and unknown risks, uncertainties, and other factors, including, among others, those described under Item 1A. "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2019 and under Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q, that may cause actual results, levels of activity, performance or achievements to be materially different from any anticipated results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. We disclaim any obligation to update or revise any forward-looking statements as a result of new information or future events, or for any other reason.

OVERVIEW

Our Business

Huron is a global consultancy that collaborates with clients to drive strategic growth, ignite innovation and navigate constant change. Through a combination of strategy, expertise and creativity, we help clients accelerate operational, digital and cultural transformation, enabling the change they need to own their future. By embracing diverse perspectives, encouraging new ideas and challenging the status quo, we create sustainable results for the organizations we serve.

We provide professional services through three operating segments: Healthcare, Business Advisory, and Education.

- ***Healthcare***

  Our Healthcare segment has a depth of expertise in financial and operational improvement, care transformation, culture and organizational excellence, strategy, and technology and analytics. We serve national and regional hospitals, integrated health systems, academic medical centers, community hospitals, and medical groups. Our solutions help clients evolve and adapt to the rapidly changing healthcare environment and achieve growth, optimize performance, enhance profitability, improve quality and clinical outcomes, align leaders, improve organizational culture, and drive physician, patient, and employee engagement across the enterprise to deliver better consumer outcomes.

  We help organizations transform and innovate their delivery model to focus on patient wellness by improving quality outcomes, minimizing care variation and fundamentally improving patient and population health. Our consultants partner with clients to help build and sustain today's business to invest in the future by reducing complexity, improving operational efficiency and growing market share. We enable the healthcare of the future by identifying, integrating and optimizing technology investments to collect data that transforms care delivery and improves patient outcomes. We also develop future leaders capable of driving meaningful cultural and organizational change and who transform the consumer experience.

- ***Business Advisory***

  Our Business Advisory segment provides services to large and middle market organizations, lending institutions, law firms, investment banks, private equity firms, and not-for-profit organizations, including higher education and healthcare institutions. We assist clients in a broad range of industries and across the spectrum from healthy, well-capitalized companies to organizations in transition, as well as creditors, equity owners, and other key constituents. Our Enterprise Solutions and Analytics experts advise, deliver, and optimize technology and analytic solutions that enable organizations to manage and optimize their financial performance, operational efficiency, and client or stakeholder experience. Our Business Advisory experts resolve complex business issues and enhance client enterprise value through a suite of services including capital advisory, transaction advisory, operational improvement, restructuring and turnaround, valuation, and dispute advisory. Our Strategy and Innovation professionals collaborate with clients across a range of industries to identify new growth opportunities, build new ventures and capabilities, and accelerate organizational change. Our Life Sciences professionals provide strategic solutions to help pharmaceutical, medical device, and biotechnology companies deliver more value to patients, payers, and providers, and comply with regulations.

- ***Education***

  Our Education segment provides consulting and technology solutions to higher education institutions and academic medical centers. We collaborate with clients to address challenges relating to business and technology strategy, financial and operational excellence, student success, research administration, and regulatory compliance. Our research enterprise solutions assist clients in identifying and implementing institutional research strategy, optimizing clinical research operations, improving financial management and cost reimbursement, improving service to faculty, and mitigating risk compliance. Our technology strategy, enterprise applications, and analytic solutions transform and optimize operations, deliver time and cost savings, and enhance the student experience. Our institutional strategy, budgeting and financial management, and business operations align missions with business priorities, improve quality, and reduce costs institution-wide. Our student solutions improve attraction, retention and graduation rates, increase student satisfaction and help generate quality outcomes.

Huron is a Platinum level member of the Oracle PartnerNetwork, an Oracle Cloud Premier Partner within North America, a Gold level consulting partner with Salesforce.com and a Workday Services Partner.

Coronavirus (COVID-19)

The worldwide spread of coronavirus (COVID-19) in the first quarter of 2020 has created significant volatility, uncertainty and disruption to the global economy. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our clients, employees and business partners. In response to the pandemic, many state and local governments have issued shelter-in-place mandates; and companies, including Huron, have implemented work from home policies and travel restrictions. While traditionally a majority of the work performed by our revenue-generating professionals occurs at client sites, the nature of the services we provide allows for our revenue-generating professionals to continue to serve clients in a remote work environment. While the COVID-19 pandemic did not have a significant impact on our consolidated revenues in the first quarter of 2020, we expect it to have an unfavorable impact on sales and business development activities and full year 2020 results. However, given the dynamic nature of these circumstances, the full impact of the COVID-19 pandemic on our consolidated operations and overall financial performance is uncertain at this time.

In each of our segments, we are working closely with our clients to support them and to provide relevant services to address their needs caused by the COVID-19 pandemic. However, some of the services we provide may be considered by our clients to be more discretionary in nature and the COVID-19 pandemic is expected to have a negative impact on the demand for those services. In addition, conditions in the financial markets could limit our access to further capital resources, if needed, and could increase borrowing costs. In order to support our liquidity during the COVID-19 pandemic, we are proactively taking measures to increase available cash on hand including, but not limited to, borrowing under our senior secured credit facility and reducing discretionary operating and capital spending. To further support our liquidity, we have elected to defer the deposit of our employer portion of social security taxes beginning in April 2020 and through the end of the year, which we expect to pay in equal installments in the fourth quarters of 2021 and 2022, as provided for under the CARES Act.

The services provided by our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment focus on strategic solutions for healthy, well-capitalized companies to identify new growth opportunities and may be considered by our clients to be more discretionary in nature. As discussed above, the COVID-19 pandemic is expected to have an unfavorable impact on the demand for those services. Based on our internal projections and the preparation of our financial statements for the quarter ended March 31, 2020, and considering the expected decrease in demand due to the COVID-19 pandemic, we believed that the fair value of these two reporting units may no longer exceed their carrying values and performed an interim goodwill impairment test on both reporting units. Based on the estimated fair values of the Strategy and Innovation and Life Sciences reporting units, we recorded non-cash pretax goodwill impairment charges of $49.9 million and $9.9 million, respectively. We did not identify any indicators that would lead us to believe that the fair values of our Healthcare, Education, and Business Advisory reporting units may not exceed their carrying values. See the "Critical Accounting Policies" section below and Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information on the charges and evaluations performed.

See Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q for additional information on the potential impact the COVID-19 pandemic could have on our business, operations and financial results.

How We Generate Revenues

A large portion of our revenues is generated by our full-time consultants who provide consulting services to our clients and are billable to our clients based on the number of hours worked. A smaller portion of our revenues is generated by our other professionals, also referred to as full-time equivalents, some of whom work variable schedules as needed by our clients. Full-time equivalent professionals consist of our coaches and their support staff from our Culture and Organizational Excellence solution, consultants who work variable schedules as needed by our clients, employees who provide managed services in our Healthcare segment, and our employees who provide software support and maintenance services to our clients. We translate the hours that these other professionals work on client engagements into a full-time equivalent measure that we use to manage our business. We refer to our full-time consultants and other professionals collectively as revenue-generating professionals.

Revenues generated by our full-time consultants are primarily driven by the number of consultants we employ and their utilization rates, as well as the billing rates we charge our clients. Revenues generated by our other professionals, or full-time equivalents, are largely dependent on the number of consultants we employ, their hours worked, and billing rates charged. Revenues generated by our coaches are largely dependent on the number of coaches we employ and the total value, scope, and terms of the consulting contracts under which they provide services, which are primarily fixed-fee contracts. Revenues generated by our Managed Services solution are dependent on the total value, scope and terms of the related contracts.

We generate our revenues from providing professional services under four types of billing arrangements: fixed-fee (including software license revenue); time-and-expense; performance-based; and software support, maintenance and subscriptions.

In fixed-fee billing arrangements, we agree to a pre-established fee in exchange for a predetermined set of professional services. We set the fees based on our estimates of the costs and timing for completing the engagements. It is the client’s expectation in these engagements that the pre-established fee will not be exceeded except in mutually agreed upon circumstances. We generally recognize revenues under fixed-fee billing arrangements using a proportionate performance approach, which is based on work completed to-date versus our estimates of the total services to be provided under the engagement. Contracts within our Culture and Organizational Excellence solution include fixed-fee partner contracts with multiple performance obligations, which primarily consist of coaching services, as well as speaking engagements, conferences, publications and software products (“Partner Contracts”). Revenues for coaching services and software products are generally recognized on a straight-line basis over the length of the contract. All other revenues under Partner Contracts, including speaking engagements, conferences and publications, are recognized at the time the goods or services are provided.

Fixed-fee arrangements also include software licenses for our revenue cycle management software and research administration and compliance software. Licenses for our revenue cycle management software are sold only as a component of our consulting projects, and the services we provide are essential to the functionality of the software. Therefore, revenues from these software licenses are recognized over the term of the related consulting services contract. License revenue from our research administration and compliance software is generally recognized in the month in which the software is delivered.

Fixed-fee engagements represented 42.4% and 47.8% of our revenues for the three months ended March 31, 2020 and 2019, respectively.

Time-and-expense billing arrangements require the client to pay based on the number of hours worked by our revenue-generating professionals at agreed upon rates. Time-and-expense arrangements also include certain speaking engagements, conferences and publications purchased by our clients outside of Partner Contracts within our Culture and Organizational Excellence solution. We recognize revenues under time-and-expense billing arrangements as the related services or publications are provided. Time-and-expense engagements represented 43.1% and 40.8% of our revenues for the three months ended March 31, 2020 and 2019, respectively.

In performance-based fee billing arrangements, fees are tied to the attainment of contractually defined objectives. We enter into performance-based engagements in essentially two forms. First, we generally earn fees that are directly related to the savings formally acknowledged by the client as a result of adopting our recommendations for improving operational and cost effectiveness in the areas we review. Second, we have performance-based engagements in which we earn a success fee when and if certain predefined outcomes occur. Often, performance-based fees supplement our time-and-expense or fixed-fee engagements. We recognize revenues under performance-based billing arrangements by estimating the amount of variable consideration that is probable of being earned and recognizing that estimate over the length of the contract using a proportionate performance approach. Performance-based fee revenues represented 8.8% and 6.1% of our revenues for the three months ended March 31, 2020 and 2019, respectively. The level of performance-based fees earned may vary based on our clients' risk sharing preferences and the mix of services we provide.

Clients that have purchased one of our software licenses can pay an annual fee for software support and maintenance. We also generate subscription revenue from our cloud-based analytic tools and solutions. Software support, maintenance and subscription revenues are recognized ratably over the support or subscription period. These fees are generally billed in advance and included in deferred revenues until recognized. Software support, maintenance and subscription revenues represented 5.7% and 5.3% of our revenues for the three months ended March 31, 2020 and 2019, respectively.

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

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

Business Strategy, Opportunities and Challenges

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

To expand our business, we will remain focused on growing our existing relationships and developing new relationships, executing our managing director compensation plan to attract and retain senior practitioners, continuing to promote and provide an integrated approach to service delivery, broadening the scope of our existing services, and acquiring complementary businesses. We will regularly evaluate the performance of our practices to ensure our investments meet these objectives. Furthermore, we intend to enhance our visibility in the marketplace by refining our overarching messaging and value propositions for the organization as well as each practice. We will continue to focus on reaching our client base through clear, concise, and endorsed messages.

RESULTS OF OPERATIONS

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

Segment and Consolidated Operating Results (in thousands, except per share amounts):	**Three Months Ended March 31, 2020**	**2019**
Healthcare:		
Revenues	$ 95,578	$ 93,682
Operating income	$ 24,050	$ 27,851
Segment operating income as a percentage of segment revenues	25.2%	29.7%
Business Advisory:		
Revenues	$ 64,905	$ 58,806
Operating income	$ 9,842	$ 9,581
Segment operating income as a percentage of segment revenues	15.2%	16.3%
Education:		
Revenues	$ 62,136	$ 51,957
Operating income	$ 13,116	$ 12,618
Segment operating income as a percentage of segment revenues	21.1%	24.3%
Total Company:		
Revenues	$ 222,619	$ 204,445
Reimbursable expenses	19,303	18,617
Total revenues and reimbursable expenses	$ 241,922	$ 223,062
Statements of Operations reconciliation:		
Segment operating income	$ 47,008	$ 50,050
Items not allocated at the segment level:		
Other operating expenses	27,146	36,578
Litigation and other gains	(150)	(456)
Depreciation and amortization	6,047	7,172
Goodwill impairment charges (1)	59,816	—
Operating income (loss)	(45,851)	6,756
Other expense, net	(7,637)	(2,041)
Income (loss) from continuing operations before taxes	(53,488)	4,715
Income tax expense (benefit)	(11,215)	1,365
Net income (loss) from continuing operations	$ (42,273)	$ 3,350
Earnings (loss) per share from continuing operations:		
Basic	$ (1.94)	$ 0.15
Diluted	$ (1.94)	$ 0.15

Other Operating Data:	Three Months Ended March 31, 2020	2019
Number of full-time billable consultants (at period end) [2]:		
Healthcare	892	836
Business Advisory	916	864
Education	791	649
Total	2,599	2,349
Average number of full-time billable consultants (for the period) [2]:		
Healthcare	897	819
Business Advisory	920	839
Education	778	631
Total	2,595	2,289
Full-time billable consultant utilization rate [3]:		
Healthcare	71.6%	78.6%
Business Advisory	71.5%	73.1%
Education	76.2%	76.4%
Total	72.9%	75.9%
Full-time billable consultant average billing rate per hour [4]:		
Healthcare	$ 228	$ 224
Business Advisory [5]	$ 198	$ 200
Education	$ 188	$ 204
Total [5]	$ 204	$ 210
Revenue per full-time billable consultant (in thousands):		
Healthcare	$ 73	$ 79
Business Advisory	$ 67	$ 68
Education	$ 69	$ 73
Total	$ 70	$ 73
Average number of full-time equivalents (for the period) [6]:		
Healthcare	278	223
Business Advisory	20	8
Education	60	36
Total	358	267
Revenue per full-time equivalent (in thousands):		
Healthcare	$ 108	$ 129
Business Advisory	$ 149	$ 206
Education	$ 144	$ 166
Total	$ 117	$ 137

(1) The non-cash goodwill impairment charges are not allocated at the segment level because the underlying goodwill asset is reflective of our corporate investment in the segments. We do not include the impact of goodwill impairment charges in our evaluation of segment performance.

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

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

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

(5) The Business Advisory segment includes operations of Huron Eurasia India. Absent the impact of Huron Eurasia India, the average billing rate per hour for the Business Advisory segment would have been $224 and $223 for the three months ended March 31, 2020 and 2019, respectively.

Absent the impact of Huron Eurasia India, Huron's consolidated average billing rate per hour would have been $213 and $218 for the three months ended March 31, 2020 and 2019, respectively.

(6) Consists of coaches and their support staff within our Culture and Organizational Excellence solution, consultants who work variable schedules as needed by our clients, employees who provide managed services in our Healthcare segment, and full-time employees who provide software support and maintenance services to our clients.

Non-GAAP Measures

We also assess our results of operations using certain non-GAAP financial measures. These non-GAAP financial measures differ from GAAP because the non-GAAP financial measures we calculate to measure earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted EBITDA as a percentage of revenues, adjusted net income from continuing operations, and adjusted diluted earnings per share from continuing operations exclude a number of items required by GAAP, each discussed below. These non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flows, or liquidity prepared in accordance with GAAP. Our non-GAAP financial measures may be defined differently from time to time and may be defined differently than similar terms used by other companies, and accordingly, care should be exercised in understanding how we define our non-GAAP financial measures.

Our management uses the non-GAAP financial measures to gain an understanding of our comparative operating performance, for example when comparing such results with previous periods or forecasts. These non-GAAP financial measures are used by management in their financial and operating decision making because management believes they reflect our ongoing business in a manner that allows for meaningful period-to-period comparisons. Management also uses these non-GAAP financial measures when publicly providing our business outlook, for internal management purposes, and as a basis for evaluating potential acquisitions and dispositions. We believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Huron’s current operating performance and future prospects in the same manner as management does and in comparing in a consistent manner Huron’s current financial results with Huron’s past financial results.

The reconciliations of these financial measures from GAAP to non-GAAP are as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2020	**2019**
Revenues	$ 222,619	$ 204,445
Net income (loss) from continuing operations	$ (42,273)	$ 3,350
Add back:		
Income tax expense (benefit)	(11,215)	1,365
Interest expense, net of interest income	2,341	4,258
Depreciation and amortization	7,415	8,289
Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA)	(43,732)	17,262
Add back:		
Restructuring and other charges	2,458	1,275
Litigation and other gains	(150)	(456)
Goodwill impairment charges	59,816	—
Loss on sale of business	102	—
Foreign currency transaction losses (gains), net	520	(82)
Adjusted EBITDA	$ 19,014	$ 17,999
Adjusted EBITDA as a percentage of revenues	8.5%	8.8%

	Three Months Ended March 31,	
	2020	2019
Net income (loss) from continuing operations	$ (42,273)	$ 3,350
Weighted average shares - diluted	21,827	22,311
Diluted earnings (loss) per share from continuing operations	$ (1.94)	$ 0.15
Add back:		
Amortization of intangible assets	3,209	4,517
Restructuring and other charges	2,458	1,275
Litigation and other gains	(150)	(456)
Goodwill impairment charges	59,816	—
Non-cash interest on convertible notes	—	2,120
Loss on sale of business	102	—
Tax effect of adjustments	(13,409)	(1,953)
Total adjustments, net of tax	52,026	5,503
Adjusted net income from continuing operations	$ 9,753	$ 8,853
Weighted average shares - diluted	22,329	22,311
Adjusted diluted earnings per share from continuing operations	$ 0.44	$ 0.40

These non-GAAP financial measures include adjustments for the following items:

Amortization of intangible assets: We have excluded the effect of amortization of intangible assets from the calculation of adjusted net income from continuing operations presented above. Amortization of intangible assets is inconsistent in its amount and frequency and is significantly affected by the timing and size of our acquisitions.

Restructuring and other charges: We have incurred charges due to the restructuring of various parts of our business. These restructuring charges have primarily consisted of costs associated with office space consolidations, including lease impairment charges and accelerated depreciation on lease-related property and equipment, and severance charges. Additionally, during the first quarter of 2020, we have excluded the effect of a $0.8 million one-time charge related to redundant administrative costs in our corporate operations which is recorded within selling, general and administrative expenses on our consolidated statement of operations. We have excluded the effect of the restructuring and other charges from our non-GAAP measures to permit comparability with periods that were not impacted by these items.

Litigation and other gains: We have excluded the effects of the litigation settlement gain recognized in the first quarter of 2020 and the remeasurement gain recognized in the first quarter of 2019 to decrease the estimated fair value of our liabilities for contingent consideration payments related to business acquisitions to permit comparability with periods that were not impacted by these items.

Goodwill impairment charges: We have excluded the effect of the goodwill impairment charges recognized in the first quarter of 2020 as these are infrequent events and their exclusion permits comparability with periods that were not impacted by such charges.

Non-cash interest on convertible notes: We incurred non-cash interest expense relating to the implied value of the equity conversion component of our Convertible Notes. The value of the equity conversion component was treated as a debt discount and amortized to interest expense over the life of the Convertible Notes using the effective interest rate method. We exclude this non-cash interest expense that does not represent cash interest payments from the calculation of adjusted net income from continuing operations as management believes that this non-cash expense is not indicative of the ongoing performance of our business.

Loss on sale of business: We excluded the effect of the loss on sale of a software-based solution within our Business Advisory segment in the first quarter of 2020. Divestitures of businesses are infrequent and are not indicative of the ongoing performance of our business.

Foreign currency transaction losses (gains), net: We have excluded the effect of foreign currency transaction losses and gains from the calculation of adjusted EBITDA because the amount of each loss or gain is significantly affected by changes in foreign exchange rates.

Tax effect of adjustments: The non-GAAP income tax adjustment reflects the incremental tax impact applicable to the non-GAAP adjustments.

Income tax expense, Interest expense, net of interest income, Depreciation and amortization: We have excluded the effects of income tax expense, interest expense, net of interest income, and depreciation and amortization in the calculation of EBITDA as these are customary exclusions as defined by the calculation of EBITDA to arrive at meaningful earnings from core operations excluding the effect of such items.

Adjusted weighted average shares - diluted: As we reported a net loss for the first three months of 2020, GAAP diluted weighted average shares outstanding equals the basic weighted average shares outstanding for that period. The non-GAAP adjustments described above resulted in adjusted net income from continuing operations for the first quarter of 2020. Therefore, we included the dilutive common stock equivalents in the calculation of adjusted diluted weighted average shares outstanding for that period.

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Revenues

Revenues increased $18.2 million, or 8.9%, to $222.6 million for the first three months of 2020 from $204.4 million for the first three months of 2019. Of the overall $18.2 million increase in revenues, $12.9 million was attributable to an increase in revenues from our full-time billable consultants and $5.3 million was attributable to our full-time equivalents.

The increase in full-time billable consultant revenues was attributable to strengthened demand for services in all of our segments, as discussed below in Segment Results; and reflected an overall increase in the average number of full-time billable consultants, partially offset by overall decreases in the consultant utilization rate and the average billing rate during the first three months of 2020 compared to the same prior year period.

The increase in full-time equivalent revenues was attributable to increases in full-time equivalent revenues in all of our segments, as discussed below in Segment Results; and reflected an overall increase in the average number of full-time equivalents, partially offset by an overall decrease in revenue per full-time equivalent.

While the COVID-19 pandemic did not have a significant impact on our consolidated revenues in the first quarter of 2020, we expect it to have an unfavorable impact on sales and business development activities and full year 2020 results. Additionally, we expect a decrease in the demand for the services we provide that may be considered by our clients to be more discretionary in nature. However, given the dynamic nature of these circumstances, the full impact of the COVID-19 pandemic on our consolidated revenues is uncertain at this time.

Total Direct Costs

Our total direct costs, including amortization of intangible assets and software development costs, increased $18.7 million, or 13.4%, to $157.5 million for the three months ended March 31, 2020, from $138.9 million for the three months ended March 31, 2019. The overall $18.7 million increase primarily related to a $15.3 million increase in salaries and related expenses for our revenue-generating professionals, which was largely driven by increased headcount in all our segments; a $2.3 million increase in share-based compensation expense for our revenue-generating professionals; a $1.2 million increase in contractor expenses; and a $0.7 million increase in technology expenses. As a percentage of revenues, our total direct costs increased to 70.8% during the first three months of 2020 compared to 67.9% during the first three months of 2019 primarily due to the increases in salaries and related expenses and share-based compensation for our revenue-generating professionals, both as percentages of revenues, partially offset by a decrease in performance bonus expense for our revenue-generating professionals.

Total direct costs for the three months ended March 31, 2020 included $1.3 million of amortization expense for internal software development costs and intangible assets, compared to $1.1 million of amortization expense for the same prior year period. Intangible asset amortization included within direct costs for the three months ended March 31, 2020 and 2019 related to technology and software, certain customer relationships, and customer contracts acquired in connection with our business acquisitions. See Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information about our intangible assets.

Operating Expenses and Other Losses (Gains), Net

Selling, general and administrative expenses decreased $7.3 million, or 14.4%, to $43.4 million in the three months ended March 31, 2020, from $50.7 million in the three months ended March 31, 2019. Of the overall $7.3 million decrease, $6.9 million was attributable to the change in the market value of our deferred compensation liability, resulting from a $4.7 million decrease in the market value during the first quarter of 2020, compared to a $2.2 million increase in the market value during the first quarter of 2019. Additional decreases include a $2.3 million decrease in performance bonus expense for our support personnel; a $1.0 million decrease in facilities expense; a $0.7 million decrease in third-party consulting expenses; a $0.4 million decrease in training expenses; and a $0.4 million decrease in recruiting expenses. These decreases were partially offset by a $1.8 million increase in salaries and related expenses for our support personnel; a $1.0 million increase in practice administration and meetings expenses; a $0.8 million increase in share-based compensation expense for our support personnel; and a $0.8 million increase in data hosting and software related expenses. As a percentage of revenues, selling, general and administrative expenses decreased to 19.5% during the first quarter of 2020 compared to 24.8% during the first quarter of 2019. This decrease was primarily attributable to the decreases in the market value of our deferred compensation liability, performance bonus expense for our support personnel, and facilities expenses.

Restructuring charges for the first three months of 2020 totaled $1.6 million, compared to $1.3 million for the first three months of 2019. The $1.6 million restructuring charge incurred in the first quarter of 2020 primarily related to a $1.2 million accrual for the termination of a third-party advisor agreement; $0.3 million related to workforce reductions to better align resources with market demand; and $0.1 million related to workforce reductions in our corporate operations. During the first quarter of 2019, we exited a portion of our Lake Oswego, Oregon corporate office resulting in a $0.7 million lease impairment charge on the related operating lease right-of-use asset and leasehold improvements and $0.2 million of accelerated depreciation on furniture and fixtures in that office. Additionally, we recognized a $0.2 million restructuring charge related to workforce reductions in our corporate operations. See Note 8 "Restructuring Charges" within the notes to our consolidated financial statements for additional information on our restructuring charges.

Litigation and other gains totaled $0.2 million for the three months ended March 31, 2020, which consisted of a litigation settlement gain for the resolution of a claim that was settled in the first quarter of 2020. Other gains totaled $0.5 million for the three months ended March 31, 2019, which primarily consisted of a $0.4 million remeasurement gain to decrease the estimated fair value of our liabilities for contingent consideration payments related to business acquisitions.

Depreciation and amortization expense decreased by $1.1 million, or 14.8%, to $6.1 million for the three months ended March 31, 2020, from $7.2 million for the three months ended March 31, 2019. The decrease was primarily attributable to a decrease in amortization expense for the trade name acquired in our Studer Group acquisition that was fully amortized in the fourth quarter of 2019; decreasing amortization expense for customer relationships due to the accelerated basis of amortization in prior periods, including the customer relationships acquired in our Studer Group acquisition; and customer relationships acquired in other business acquisitions that were fully amortized in prior periods. Intangible asset amortization included within operating expenses for the three months ended March 31, 2020 and 2019 primarily related to certain customer relationships, trade names and non-competition agreements acquired in connection with our business acquisitions. See Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information about our intangible assets.

During the first quarter of 2020, we recorded $59.8 million of non-cash pretax goodwill impairment charges related to our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment; primarily related to the expected decline in sales and business development activities and a decrease in the demand for the services these reporting units provide that may be considered by our clients to be more discretionary in nature, as a result of the COVID-19 pandemic. These charges are non-cash in nature and do not affect our liquidity or debt covenants. See the "Critical Accounting Policies" section below and Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information on the charges.

Operating Income

Operating income decreased $52.6 million to a loss of $45.9 million in the first three months of 2020 from operating income of $6.8 million in the first three months of 2019. This decrease is primarily attributable to the $59.8 million of non-cash pretax goodwill impairment charges related to our Business Advisory segment that were recognized in the first quarter of 2020. See the "Critical Accounting Policies" section below and Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information on the non-cash goodwill impairment charges. Operating margin, which is defined as operating income expressed as a percentage of revenues, decreased to (20.6)% for the three months ended March 31, 2020, compared to an operating margin of 3.3% for the three months ended March 31, 2019. The decrease in operating margin was primarily attributable to the goodwill impairment charges, as well as the increases in salaries and related expenses and share-based compensation expense for our revenue-generating professionals, as percentages of revenues. These decreases to the operating margin were partially offset by the decreases in the market value of our deferred compensation liability, performance bonus expense for both our support personnel and revenue-generating professionals, intangible asset amortization expense, and facilities expenses.

Other Expense, Net

Total other expense, net increased by $5.6 million to $7.6 million in the first three months of 2020 from $2.0 million in the first three months of 2019. The increase in total other expense, net was primarily attributable to a $4.7 million loss recognized during the first three months of 2020 for the market value of our investments that are used to fund our deferred compensation liability, compared to a gain of $2.1 million gain during the first three months of 2019. Additionally, total other expense, net includes the recognition of $0.5 million of foreign currency transaction losses in the first three months of 2020 compared to $0.1 million of foreign currency transaction gains recognized in the first three months of 2019.

Interest expense, net of interest income decreased $1.9 million to $2.3 million in the first three months of 2020 from $4.3 million in the first three months of 2019, primarily attributable to the maturity of our Convertible Notes on October 1, 2019, partially offset by higher levels of borrowing under our credit facility during the first three months of 2020 compared to the same prior year period. See Note 7 "Financing Arrangements" within the notes to our consolidated financial statements for additional information about our Convertible Notes and credit facility.

Income Tax Expense

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act is an approximately $2 trillion emergency economic stimulus package in response to the COVID-19 outbreak, which among other items, includes income tax provisions relating to net operating loss carryback periods and technical corrections to tax depreciation methods for qualified improvement property. As a result of the enactment of this legislation during the first quarter of 2020, we recorded a tax benefit of $0.8 million related to the remeasurement of a portion of our income tax receivable due to the ability to apply the federal net operating loss incurred in 2018 to prior year income for a refund at a higher tax rate in the carryback period.

For the three months ended March 31, 2020, our effective tax rate was 21.0% as we recognized an income tax benefit from continuing operations of $11.2 million on a loss from continuing operations of $53.5 million. The effective tax rate of 21.0% was less favorable than the statutory rate, inclusive of state income taxes, of 26.0% primarily due to certain nondeductible expense items, non-deductible losses on our investments used to fund our deferred compensation liability, and the nondeductible portion of the goodwill impairment charges recorded during the first quarter of 2020. These unfavorable items were partially offset by a discrete tax benefit for share-based compensation awards that vested during the quarter and the discrete tax benefit for the remeasurement of a portion of our income tax receivable as a result of the enactment of the CARES Act during the first quarter of 2020.

For the three months ended March 31, 2019, our effective tax rate was 29.0% as we recognized income tax expense from continuing operations of $1.4 million on income from continuing operations of $4.7 million. The effective tax rate of 29.0% was less favorable than the statutory rate, inclusive of state income taxes, of 26.4% primarily due to foreign losses with no tax benefit and disallowed executive compensation deductions. These unfavorable items were partially offset by a discrete tax benefit for share-based compensation awards that vested during the first quarter of 2019.

Net Income from Continuing Operations

Net income from continuing operations decreased by $45.6 million to a net loss from continuing operations of $42.3 million for the three months ended March 31, 2020, from net income from continuing operations of $3.4 million for the same prior year period. This decrease is primarily attributable to the $59.8 million of non-cash pretax goodwill impairment charges related to our Business Advisory segment. As a result of the decrease in net income from continuing operations, diluted loss per share from continuing operations for the first three months of 2020 was $1.94 compared to diluted earnings per share from continuing operations of $0.15 for the first three months of 2019. The non-cash goodwill impairment charges had a $2.19 unfavorable impact on diluted earnings per share from continuing operations for the first quarter of 2020.

EBITDA and Adjusted EBITDA

EBITDA decreased $61.0 million to a loss of $43.7 million for the three months ended March 31, 2020, from earnings of $17.3 million for the three months ended March 31, 2019. Adjusted EBITDA increased $1.0 million to $19.0 million in the first three months of 2020 from $18.0 million in the first three months of 2019. The decrease in EBITDA was primarily attributable to the non-cash goodwill impairment charges of $59.8 million recognized in the first quarter of 2020. The increase in adjusted EBITDA was primarily attributable to the increase in revenues and the decrease in performance bonus expense for our support personnel; largely offset by the increases in salaries and related expenses and share-based compensation expense for our revenue-generating professionals in the first three months of 2020 compared to the same prior year period.

Adjusted Net Income from Continuing Operations

Adjusted net income from continuing operations increased $0.9 million to $9.8 million in the first three months of 2020 compared to $8.9 million in the first three months of 2019. As a result of the increase in adjusted net income from continuing operations, adjusted diluted earnings per share from continuing operations for the first three months of 2020 was $0.44 compared to $0.40 for the first three months of 2019.

Segment Results

Healthcare

Revenues

Healthcare segment revenues increased $1.9 million, or 2.0%, to $95.6 million for the first three months of 2020 from $93.7 million for the first three months of 2019.

During the three months ended March 31, 2020, revenues from fixed-fee engagements; time-and-expense engagements; performance-based arrangements; and software support, maintenance and subscription arrangements represented 58.4%, 15.4%, 19.8%, and 6.4% of this segment's revenues, respectively, compared to 67.9%, 13.6%, 12.6%, and 5.9% of this segment's revenues, respectively, for the same prior year period. Performance-based fee revenue was $18.9 million during the first three months of 2020, compared to $11.8 million during the first three months of 2019. The level of performance-based fees earned may vary based on our clients' risk sharing preferences and the mix of services we provide.

Of the overall $1.9 million increase in revenues, $1.3 million was attributable to an increase in revenues from our full-time equivalents and $0.6 million was attributable to our full-time billable consultants. The increase in revenues attributable to our full-time equivalents reflected an increase in the average number of full-time equivalents, partially offset by a decrease in revenue per full-time equivalent in the first three months of 2020 compared to the same prior year period. The increase in revenues attributable to our full-time billable consultants reflected increases in the average number of full-time billable consultants and the average billing rate, partially offset by a decrease in the consultant utilization rate in the first three months of 2020 compared to the same prior year period.

Operating Income

Healthcare segment operating income decreased $3.8 million, or 13.6%, to $24.1 million for the three months ended March 31, 2020, from $27.9 million for the three months ended March 31, 2019. The Healthcare segment operating margin decreased to 25.2% for the first three months of 2020 from 29.7% in the same period last year. The decrease in this segment's operating margin was primarily attributable to increases in salaries and related expenses for our revenue-generating professionals and share-based compensation expense for our revenue generating professionals both as a percentage of revenues, partially offset by a decrease in performance bonus expense for our revenue-generating professionals.

Business Advisory

Revenues

Business Advisory segment revenues increased $6.1 million, or 10.4%, to $64.9 million for the first three months of 2020 from $58.8 million for the first three months of 2019.

During the first three months of 2020, revenues from fixed-fee engagements; time-and-expense engagements; performance-based arrangements; and software support, maintenance and subscription arrangements represented 39.1%, 57.9%, 1.0%, and 2.0% of this segment’s revenues, respectively, compared to 36.9%, 60.0%, 1.1%, and 2.0% of this segment’s revenues, respectively, during the same prior year period. Performance-based fee revenue was $0.6 million for the first three months of 2020, compared to $0.7 million for the first three months of 2019. The level of performance-based fees earned may vary based on our clients’ preferences and the mix of services we provide.

Of the overall $6.1 million increase in revenues, $4.9 million was attributable to revenues generated by our full-time billable consultants and $1.2 million was attributable to our full-time equivalents. The increase in revenues from our full-time billable consultants was primarily driven by an increase in the average number of full-time billable consultants, partially offset by decreases in the consultant utilization rate and the average billing rate in the first three months of 2020 compared to the same prior year period. The increase in revenues from our full-time equivalents was driven by an increased use of contractors; and reflected an increase in the average number of full-time equivalents, partially offset by a decrease in revenue per full-time equivalent in the first three months of 2020 compared to the same prior year period.

Operating Income

Business Advisory segment operating income increased by $0.3 million, or 2.7%, to $9.8 million for the three months ended March 31, 2020, from $9.6 million for the three months ended March 31, 2019. The Business Advisory segment operating margin decreased to 15.2% for the first three months of 2020 from 16.3% in the same period last year. The decrease in this segment’s operating margin was primarily attributable to a restructuring charge recorded in the first quarter of 2020 for the termination of a third-party advisor agreement, as well as increases in share-based compensation expense for our revenue-generating professionals, contractor expenses, and salaries and related expenses for our revenue-generating professionals, all as percentages of revenues. These decreases to the segment's operating margin were partially offset by decreases in promotion and marketing expenses and signing, retention and other bonus expenses for our revenue-generating professionals.

The non-cash goodwill impairment charges related to the Strategy and Innovation and Life Sciences reporting units within the Business Advisory segment, which are discussed above within consolidated results, are not allocated at the segment level because the underlying goodwill asset is reflective of our corporate investment in the segment. We do not include the impact of goodwill impairment charges in our evaluation of segment performance. See the "Critical Accounting Policies" section below and Note 4 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information on the charges and our goodwill balances. We will continue to evaluate goodwill for impairment during future periods. Any future significant decline in the performance of our Strategy and Innovation reporting unit could result in another non-cash goodwill impairment charge.

Education

Revenues

Education segment revenues increased $10.2 million, or 19.6%, to $62.1 million for the first three months of 2020 from $52.0 million for the first three months of 2019.

For the three months ended March 31, 2020, revenues from fixed-fee engagements; time-and-expense engagements; and software support, maintenance and subscription arrangements represented 21.2%, 70.3%, and 8.5% of this segment’s revenues, respectively, compared to 23.8%, 68.1%, and 8.1% of this segment's revenues, respectively, during the same prior year period.

Of the overall $10.2 million increase in revenues, $7.4 million was attributable to revenues generated by our full-time billable consultants and $2.8 million was attributable to revenues generated by our full-time equivalents. The increase in revenues from our full-time billable consultants reflected an increase in the average number of full-time billable consultants; partially offset by a decrease in the average billing rate in the first three months of 2020 compared to the same prior year period. The increase in revenues from our full-time equivalents was primarily driven by an increased use of contractors and project consultants as well as an increase in software subscriptions and data hosting revenues; and reflected an increase in the average number of full-time equivalents, partially offset by a decrease in revenue per full-time equivalent in the first three months of 2020 compared to the same prior year period.

Operating Income

Education segment operating income increased $0.5 million, or 3.9%, to $13.1 million for the three months ended March 31, 2020, from $12.6 million for the three months ended March 31, 2019. The Education segment operating margin decreased to 21.1% for the first three months of 2020 from 24.3% in the same period last year. The decrease in this segment's operating margin was primarily attributable to increases in contractor expenses, practice administration and meetings expenses, and salaries and related expenses for our revenue-generating professionals, all as percentages of revenues .

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased $139.4 million to $151.0 million at March 31, 2020 from $11.6 million at December 31, 2019. As of March 31, 2020, our primary sources of liquidity are cash on hand, cash flows from our U.S. operations, and borrowing capacity available under our credit facility.

	Three Months Ended March 31,	
Cash Flows (in thousands):	**2020**	**2019**
Net cash used in operating activities	$ (56,146)	$ (38,289)
Net cash used in investing activities	(18,395)	(8,087)
Net cash provided by financing activities	214,089	21,722
Effect of exchange rate changes on cash	(143)	73
Net increase (decrease) in cash and cash equivalents	$ 139,405	$ (24,581)

Operating Activities

Net cash used in operating activities totaled $56.1 million for the three months ended March 31, 2020, compared to of $38.3 million for the three months ended March 31, 2019, respectively. Our operating assets and liabilities consist primarily of receivables from billed and unbilled services, accounts payable and accrued expenses, accrued payroll and related benefits, and deferred revenues. The volume of services rendered and the related billings and timing of collections on those billings, as well as payments of our accounts payable and salaries, bonuses, and related benefits to employees affect these account balances.

The increase in cash used in operating activities for the first three months of 2020 compared to the same prior year period was primarily attributable to an increase in the amount paid for annual performance bonuses during the three months ended March 31, 2020 compared to the three months ended March 31, 2019 and an increase in payments to employees for salaries and related benefits, partially offset by an increase in cash collections in the first quarter of 2020 compared to the first quarter of 2019.

Investing Activities

Net cash used in investing activities was $18.4 million and $8.1 million for the three months ended March 31, 2020 and 2019, respectively.

The use of cash in the first three months of 2020 primarily consisted of $13.0 million for the purchase of an additional convertible debt investment in Shorelight Holdings, LLC; $2.9 million for payments related to internally developed software; $1.5 million for contributions to our life insurance policies which fund our deferred compensation plan; and $1.0 million for purchases of property and equipment, primarily related to purchases of furniture and leasehold improvements for new office spaces in certain locations.

The use of cash in the first three months of 2019 primarily consisted of $3.6 million for contributions to our life insurance policies which fund our deferred compensation plan; $2.3 million for purchases of property and equipment, primarily related to purchases of computers and related equipment; and $2.1 million for payments related to internally developed software.

In order to support our liquidity during the pandemic, we are proactively taking measures to increase available cash on hand, including reducing discretionary capital expenses. Therefore, as of March 31, 2020, we estimate that cash utilized for purchases of property and equipment and software development in 2020 will be lower than originally estimated and total approximately $16 million to $20 million. The purchases primarily consist of software development costs, leasehold improvements for certain office locations, and information technology related equipment to support our corporate infrastructure.

Financing Activities

Net cash provided by financing activities was $214.1 million for the three months ended March 31, 2020. During the first three months of 2020, we borrowed $281.0 million under our credit facility, including $125.0 million prior to March 31, 2020 to maintain excess cash and support liquidity during the period of uncertainty created by the COVID-19 pandemic, as well as to fund our annual performance bonus payment. During the first quarter of 2020, we made repayments on our borrowings of $38.1 million. Additionally, we repurchased and retired $20.9 million of our common stock under our Share Repurchase Program, as defined below, and settled $1.2 million of share repurchases that were accrued as of December 31, 2019.

Net cash used in financing activities was $21.7 million for the three months ended March 31, 2019. During the first three months of 2019, we borrowed $40.5 million under our credit facility, primarily to fund our annual performance bonus payment, and made repayments on our credit facility of $14.5 million.

Share Repurchase Program

We currently have a share repurchase program permitting us to repurchase up to $125 million of our common stock through October 31, 2020 (the "Share Repurchase Program"). The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, capacity under our credit facility, general market and business conditions, and applicable legal requirements. In the first quarter of 2020, we repurchased and retired 313,998 shares for $20.9 million. Additionally, in the first quarter of 2020, we settled the repurchase of 18,000 shares for $1.2 million that were accrued as of December 31, 2019. As of March 31, 2020, less than $0.1 million remains available for share repurchases.

Financing Arrangements

At March 31, 2020, we had $448.0 million outstanding under our senior secured credit facility and $3.7 million outstanding under a promissory note, as discussed below.

Senior Secured Credit Facility

The Company has a $600 million senior secured revolving credit facility, subject to the terms of a Second Amended and Restated Credit Agreement dated as of March 31, 2015, as amended to date (as amended and modified the "Amended Credit Agreement"), that becomes due and payable in full upon maturity on September 27, 2024. The Amended Credit Agreement provides the option to increase the revolving credit facility or establish term loan facilities in an aggregate amount of up to $150 million, subject to customary conditions and the approval of any lender whose commitment would be increased, resulting in a maximum available principal amount under the Amended Credit Agreement of $750 million. Borrowings under the Amended Credit Agreement may be used for working capital, capital expenditures, acquisitions of businesses, share repurchases, and general corporate purposes.

Fees and interest on borrowings vary based on our Consolidated Leverage Ratio (as defined in the Amended Credit Agreement). At our option, borrowings under the Amended Credit Agreement will bear interest at one, two, three or six-month LIBOR or an alternate base rate, in each case plus the applicable margin. The applicable margin will fluctuate between 1.125% per annum and 1.875% per annum, in the case of LIBOR borrowings, or between 0.125% per annum and 0.875% per annum, in the case of base rate loans, based upon our Consolidated Leverage Ratio at such time.

Amounts borrowed under the Amended Credit Agreement may be prepaid at any time without premium or penalty. We are required to prepay the amounts outstanding under the Amended Credit Agreement in certain circumstances. In addition, we have the right to permanently reduce or terminate the unused portion of the commitments provided under the Amended Credit Agreement at any time.

The Amended Credit Agreement contains usual and customary representations and warranties; affirmative and negative covenants, which include limitations on liens, investments, additional indebtedness, and restricted payments; and two quarterly financial covenants as follows: (i) a maximum Consolidated Leverage Ratio (defined as the ratio of debt to consolidated EBITDA) of 3.75 to 1.00; however the maximum permitted Consolidated Leverage Ratio will increase to 4.00 to 1.00 upon the occurrence of certain transactions, and (ii) a minimum Consolidated Interest Coverage Ratio (defined as the ratio of consolidated EBITDA to interest) of 3.50 to 1.00. Consolidated EBITDA for purposes of the financial covenants is calculated on a continuing operations basis and includes adjustments to add back non-cash goodwill impairment charges, share-based compensation costs, certain non-cash restructuring charges, pro forma historical EBITDA for businesses acquired, and other specified items in accordance with the Amended Credit Agreement. At March 31, 2020 and December 31, 2019, we were in compliance with these financial covenants. Our Consolidated Leverage Ratio as of March 31, 2020 was 3.48 to 1.00, compared to 1.64 to 1.00 as of December 31, 2019. Our Consolidated Interest Coverage Ratio as of March 31, 2020 was 15.13 to 1.00, compared to 15.29 to 1.00 as of December 31, 2019. The increase in our Consolidated Leverage Ratio as of March 31, 2019 compared to December 31, 2019 was driven by $125.0 million of borrowings under the Amended Credit Agreement prior to March 31, 2020 to maintain excess cash and support liquidity during the period of uncertainty created by the COVID-19 pandemic. As a result of these borrowings, cash and cash equivalents increased $139.4 million to $151.0 million at March 31, 2020 from $11.6 million at December 31, 2019.

The Amended Credit Agreement contains restricted payment provisions, including a potential limit on the amount of dividends we may pay. Pursuant to the terms of the Amended Credit Agreement, if our Consolidated Leverage Ratio is greater than 3.25, the amount of dividends and other Restricted Payments (as defined in the Amended Credit Agreement) we may pay is limited to an amount up to $25 million.

Principal borrowings outstanding under the Amended Credit Agreement at March 31, 2020 and December 31, 2019 totaled $448.0 million and $205.0 million, respectively. These borrowings carried a weighted average interest rate of 2.3% at March 31, 2020 and 3.0% at December 31, 2019 including the impact of the interest rate swaps described in Note 9 “Derivative Instruments and Hedging Activity” within the notes to the consolidated financial statements. The borrowing capacity under the revolving credit facility is reduced by any outstanding borrowings under the revolving credit facility and outstanding letters of credit. At March 31, 2020, we had outstanding letters of credit totaling $1.6 million, which are primarily used as security deposits for our office facilities.

Promissory Note due 2024

On June 30, 2017, in conjunction with our purchase of an aircraft related to the acquisition of Innosight, we assumed, from the sellers of the aircraft, a promissory note with an outstanding principal balance of $5.1 million. The principal balance of the promissory note is subject to scheduled monthly principal payments until the maturity date of March 1, 2024, at which time a final payment of $1.5 million, plus any accrued and unpaid interest, will be due. Under the terms of the promissory note, we will pay interest on the outstanding principal amount at a rate of one-month LIBOR plus 1.97% per annum. The obligations under the promissory note are secured pursuant to a Loan and Aircraft Security Agreement with Banc of America Leasing & Capital, LLC, which grants the lender a first priority security interest in the aircraft. At March 31, 2020, the outstanding principal amount of the promissory note was $3.7 million, and the aircraft had a carrying amount of $4.9 million. At December 31, 2019, the outstanding principal amount of the promissory note was $3.9 million, and the aircraft had a carrying amount of $5.1 million.

For further information, see Note 7 “Financing Arrangements” within the notes to the consolidated financial statements.

Future Financing Needs

Our current primary financing need is to support our operations during the COVID-19 pandemic which has created significant volatility and uncertainty in the economy, could limit our access to capital resources, and could increase borrowing costs. In order to support our liquidity during the pandemic, we are proactively taking measures to increase available cash on hand, including, but not limited to, borrowing under our senior secured credit facility and reducing discretionary operating and capital expenses. To further support our liquidity, we have elected to defer the deposit of our employer portion of social security taxes beginning in April 2020 and through the end of the year, which we expect to pay in equal installments in the fourth quarters of 2021 and 2022, as provided for under the CARES Act. Our long-term financing need has been to fund our growth. Our growth strategy is to expand our service offerings, which may require investments in new hires, acquisitions of complementary businesses, possible expansion into other geographic areas, and related capital expenditures. We believe our internally generated liquidity, together with our available cash, and the borrowing capacity available under our revolving credit facility will be adequate to support our current financing needs and long-term growth strategy. Our ability to secure additional financing, if needed, in the future will depend on several factors, including our future profitability, the quality of our accounts receivable and unbilled services, our relative levels of debt and equity, and the overall condition of the credit markets.

CONTRACTUAL OBLIGATIONS

For a summary of our commitments to make future payments under contractual obligations, see Item 7. "Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2019. As of March 31, 2020, borrowings outstanding under our senior secured credit facility totaled $448.0 million compared to $205.0 million at December 31, 2019. See the "Liquidity and Capital Resources" section above and Note 7 "Financing Arrangements" within the notes to our consolidated financial statements for additional information on our outstanding borrowings as of March 31, 2020. There have been no other material changes to our contractual obligations since December 31, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any material off-balance sheet arrangements.

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 GAAP. We regularly 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to impact our financial position and operating results. While all decisions regarding accounting policies are important, we believe there are five accounting policies that could be considered critical: revenue recognition, allowances for doubtful accounts and unbilled services, business combinations, carrying values of goodwill and other intangible assets, and accounting for income taxes. For a detailed discussion of these critical accounting policies, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2019. Below is an update to our critical accounting policy related to the carrying value of goodwill and other intangible assets. There have been no material changes to our other critical accounting policies during the first three months of 2020.

Carrying Values of Goodwill and Other Intangible Assets

First Quarter 2020 Goodwill Impairment Analysis

The worldwide spread of coronavirus (COVID-19) in the first quarter of 2020 has created significant volatility, uncertainty and disruption to the global economy. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our clients, employees and business partners. While the COVID-19 pandemic did not have a significant impact on our consolidated revenues in the first quarter of 2020, we expect it to have an unfavorable impact on sales and business development activities and full year 2020 results. Additionally, we expect a decrease in the demand for the services we provide that may be considered by our clients to be more discretionary in nature. The services provided by our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment focus on strategic solutions for healthy, well-capitalized companies to identify new growth opportunities and may be considered by our clients to be more discretionary in nature; therefore, we are cautious about near-term results for these two reporting units. Based on our internal projections and the preparation of our financial statements for the quarter ended March 31, 2020, and considering the expected decrease in demand due to the COVID-19 pandemic, we believed that the fair value of these two reporting units may no longer exceed their carrying values and performed an interim impairment test on both reporting units.

Based on the estimated fair values of the Strategy and Innovation and Life Sciences reporting units described below, we recorded non-cash pretax goodwill impairment charges of $49.9 million and $9.9 million, respectively, in the first quarter of 2020. The $49.9 million non-cash pretax charge related to the Strategy and Innovation reporting unit reduced the goodwill balance of the reporting unit to $37.5 million. The $9.9 million non-cash pretax charge related to the Life Sciences reporting unit reduced the goodwill balance of the reporting unit to zero.

Our goodwill impairment test was performed by comparing the fair value of each of the Strategy and Innovation and Life Sciences reporting units with its respective carrying value and recognizing an impairment charge for the amount by which the carrying value exceeded the fair value. To estimate the fair value of each reporting unit, we relied on a combination of the income approach and the market approach, with a fifty-fifty weighting.

In the income approach, we utilized a discounted cash flow analysis, which involved estimating the expected after-tax cash flows that will be generated by each reporting unit and then discounting those cash flows to present value, reflecting the relevant risks associated with each reporting unit and the time value of money. This approach requires the use of significant estimates and assumptions, including long-term projections of future cash flows, market conditions, and discount rates that reflects the risk inherent in the future cash flows. In estimating future cash flows, we relied on internally generated seven-year forecasts. For periods after the seven-year forecast, we assumed a long-term annual revenue growth rate of 3.0% for both the Strategy and Innovation and Life Sciences reporting units. Our forecasts are based on historical experience, current backlog, expected market demand, and other industry information. Our discounted cash flow analysis assumed weighted average cost of capital discount rates of 16.0% and 10.5% for the Strategy and Innovation and Life Sciences reporting units, respectively.

In the market approach, we utilized the guideline company method, which involved calculating valuation multiples based on operating data from guideline publicly traded companies. Multiples derived from guideline companies provide an indication of how much a knowledgeable investor in the marketplace would be willing to pay for a company. These multiples were evaluated and adjusted based on specific characteristics of the Strategy and Innovation and Life Sciences reporting units relative to the selected guideline companies and applied to the reporting units' operating data to arrive at an indication of value.

Determining the fair value of any reporting unit requires us to make significant judgments, estimates, and assumptions. While we believe that the estimates and assumptions underlying our valuation methodology are reasonable, these estimates and assumptions could have a significant impact on whether or not a non-cash impairment charge is recognized and also the magnitude of any such charge. The results of an impairment analysis are as of a point in time. There is no assurance that the actual future earnings or cash flows of our reporting units will be consistent with our projections. We will monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods. Any significant decline in our operations could result in additional non-cash goodwill impairment charges, which could be material.

Concurrently with the goodwill impairment tests performed over the Strategy and Innovation and Life Sciences reporting units, we evaluated whether any indicators exist that would lead us to believe that the fair values of our Healthcare, Education, and Business Advisory reporting units may not exceed their carrying values. Based on our internal projections, consideration of the impact of the COVID-19 pandemic on these reporting units, and review of the amounts by which the fair values of these reporting units exceeded their carrying values in the most recent quantitative goodwill impairment analysis performed, we did not identify any indicators that would lead us to believe that the fair values of these reporting units may not exceed their carrying values as of March 31, 2020. We will monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods.

The carrying values of goodwill for each of our reporting units as of March 31, 2020 are as follows (in thousands):

Reporting Unit	Carrying Value of Goodwill
Healthcare	$ 428,729
Education	103,889
Business Advisory	16,094
Strategy and Innovation	37,523
Life Sciences	—
Enterprise Solutions and Analytics	—
Total	$ 586,235

Intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill. Our intangible assets, net of accumulated amortization, totaled $28.1 million at March 31, 2020 and primarily consist of customer relationships, trade names, technology and software, non-competition agreements, and customer contracts, all of which were acquired through business combinations. We evaluate our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In connection with the goodwill impairment tests performed for the Strategy and Innovation and Life Sciences reporting units in the first quarter of 2020, which resulted in non-cash goodwill impairment charges, we performed impairment tests on the long-lived assets allocated to the asset groups of the Strategy and Innovation and Life Sciences reporting units. Based on the impairment tests performed, we concluded that the long-lived assets allocated to the asset groups were not impaired as of March 31, 2020. We did not identify any indicators that would lead us to believe that the carrying values of the long-lived assets allocated to our other asset groups may not be recoverable as of March 31, 2020.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 "New Accounting Pronouncements" within the notes to the consolidated financial statements for information on new accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Market Risk and Interest Rate Risk

Concurrent with the issuance of our Convertible Notes, we entered into separate convertible note hedge and warrant transactions. The convertible note hedge transactions were intended to reduce the potential future economic dilution associated with the conversion of the Convertible Notes and, combined with the warrants, effectively raised the price at which economic dilution would occur from the initial conversion price of approximately 3.1 million shares of our common stock, which was the number of shares initially issuable upon conversion of the Convertible Notes in full, at a price of approximately $79.89 to $97.12 per share. The convertible note hedge transactions expired in the third quarter of 2019 and the warrants are expiring incrementally on 100 different dates from January 6, 2020 to May 28, 2020. See Note 7 “Financing Arrangements” within the notes to the consolidated financial statements for additional information on our Convertible Notes, which matured on October 1, 2019.

We have exposure to changes in interest rates associated with borrowings under our bank credit facility, which has variable interest rates tied to LIBOR or an alternate base rate, at our option. At March 31, 2020, we had borrowings outstanding under the credit facility totaling $448.0 million that carried a weighted average interest rate of 2.3%, including the impact of the interest rate swaps described below. A hypothetical 100 basis point change in the interest rate would have a $2.5 million effect on our pretax income on an annualized basis, including the effect of the interest rate swaps outstanding at March 31, 2020. At December 31, 2019, we had borrowings outstanding under the credit facility totaling $205.0 million that carried a weighted average interest rate of 3.0% including the impact of the interest rate swap outstanding at December 31, 2019. A hypothetical 100 basis point change in the interest rate would have a $1.6 million effect on our pretax income on an annualized basis, including the effect of the interest rate swap.

On June 22, 2017, we entered into a forward interest rate swap agreement effective August 31, 2017 and ending August 31, 2022, with a notional amount of $50.0 million. We entered into this derivative instrument to hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one-month LIBOR and we pay to the counterparty a fixed rate of 1.900%.

On January 30, 2020, we entered into a forward interest rate swap agreement effective December 31, 2019 and ending December 31, 2024, with a notional amount of $50.0 million. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one month LIBOR and we pay to the counterparty a fixed rate of 1.500%.

On March 16, 2020, we entered into a forward interest rate swap agreement effective February 28, 2020 and ending February 28, 2025, with a notional amount of $100.0 million. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one month LIBOR and we pay to the counterparty a fixed rate of 0.885%.

We also have exposure to changes in interest rates associated with the promissory note assumed on June 30, 2017 in connection with our purchase of an aircraft, which has variable interest rates tied to LIBOR. At March 31, 2020, the outstanding principal amount of the promissory note was $3.7 million and carried an interest rate of 3.6%. A hypothetical 100 basis point change in this interest rate would not have a material effect on our pretax income. At December 31, 2019, the outstanding principal amount of the promissory note was $3.9 million and carried an interest rate of 3.7%. A hypothetical 100 basis point change in the interest rate as of December 31, 2018 would not have had a material effect on our pretax income.

We do not use derivative instruments for trading or other speculative purposes. From time to time, we invest excess cash in short-term marketable securities. These investments principally consist of overnight sweep accounts. Due to the short maturity of these investments, we have concluded that we do not have material market risk exposure.

We have an investment in the form of 1.69% convertible debt in Shorelight Holdings, LLC, a privately-held company, which we account for as an available-for-sale debt security. As such, the investment is carried at fair value with unrealized holding gains and losses excluded from earnings and reported in other comprehensive income. As of March 31, 2020, the fair value of the investment was $62.2 million, with a total cost basis of $40.9 million. At December 31, 2019, the fair value of the investment was $49.5 million, with a total cost basis of $27.9 million.

We have a preferred stock investment in Medically Home Group, Inc., a privately-held company, which we account for as an equity security without a readily determinable fair value using the measurement alternative. As such, the investment is carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment. Any unrealized holding gains and losses resulting from observable price changes are recorded in our consolidated statement of operations. As of March 31, 2020, the carrying value of the investment was $5.0 million. Following our purchase, there has been no impairment, nor any observable price changes to our investment. See Note 10 “Fair Value of Financial Instruments” for further information on our long-term investments.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2020. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2020, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The information required by this Item is incorporated by reference from Note 13 "Commitments, Contingencies and Guarantees" included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

ITEM 1A. RISK FACTORS.

The following information updates, and should be read in conjunction with, the information disclosed in Part 1, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the “2019 Annual Report”), which was filed with the Securities and Exchange Commission on February 26, 2020.

Our results of operations have been adversely affected and, in the future, could be materially adversely impacted by the coronavirus (COVID-19) pandemic.

The worldwide spread of coronavirus (COVID-19) has created significant volatility, uncertainty and disruption to the global economy. The extent to which the COVID-19 pandemic impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including:

- the duration and scope of the pandemic;
- governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic;
- the effect on our clients and client demand for our services and solutions, including the effect on the healthcare industry which is an area of significant focus for our business;
- the impact on our key third-party vendors;
- the effect on the businesses in which we have invested;
- our ability to sell and provide our services and solutions and maintain adequate utilization levels, including as a result of travel restrictions and people working from home;
- the ability of our clients to pay for our services and solutions;
- any disruption to the Internet and related systems, which may impact our ability to provide our services and solutions remotely, and increased vulnerability to hackers or third parties seeking to disrupt operations; and
- any closures of our clients’ offices and facilities.

Additionally, in some instances, clients have slowed down decision making, delayed planned work or are seeking to reduce the scope of current engagements or terminate existing agreements, which may continue. Any of these events could cause or contribute to the risks and uncertainties enumerated in our 2019 Annual Report and could materially adversely affect our business, financial condition, results of operations and/or stock price.

Our goodwill and other intangible assets represent a substantial amount of our total assets, and we may be required to recognize a non-cash impairment charge for these assets if the performance of one or more of our reporting units falls below our expectations.

Our total assets reflect a substantial amount of intangible assets, primarily goodwill. At December 31, 2019, goodwill and other intangible assets totaled $678.3 million, or 61%, of our total assets. During the first quarter of 2020, we incurred non-cash pretax goodwill impairment charges totaling $59.8 million related to our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment, as discussed below, resulting in a total goodwill and other intangible asset balance of $614.4 million, or 52%, of our total assets as of March 31, 2020. The goodwill results from our acquisitions, representing the excess of the fair value of consideration transferred over the fair value of the net assets acquired. We test goodwill for impairment at the reporting unit level, annually and whenever events or circumstances make it more likely than not that an impairment may have occurred.

The worldwide spread of coronavirus (COVID-19) in the first quarter of 2020 has created significant volatility, uncertainty and disruption to the global economy. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our clients, employees and business partners. While the COVID-19 pandemic did not have a significant impact on our consolidated revenues in the first quarter of 2020, we expect it to have an unfavorable impact on sales and business development activities and full year 2020 results. Additionally, we expect a decrease in the demand for the services we provide that may be considered by our clients to be more discretionary in nature. The services provided by our Strategy and Innovation and Life Sciences reporting units within our Business Advisory segment focus on strategic solutions for healthy, well-capitalized companies to identify new growth opportunities and may be considered by our clients to be more discretionary in nature; therefore, we are cautious about near-term results for these two reporting units. Based on our internal projections and the preparation of our financial statements for the quarter ended March 31, 2020, and considering the expected decrease in demand due to the COVID-19 pandemic, we believed that the fair value of these two reporting units may no longer exceed their carrying values and performed an interim impairment test on both reporting units. Based on the estimated fair values of the Strategy and Innovation and Life Sciences reporting units described below, we recorded non-cash pretax goodwill impairment charges of $49.9 million and $9.9 million, respectively, in the first quarter of 2020. The $49.9 million non-cash pretax charge related to the Strategy and Innovation reporting unit reduced the goodwill balance of the reporting unit to $37.5 million. The $9.9 million non-cash pretax charge related to the Life Sciences reporting unit reduced the goodwill balance of the reporting unit to zero.

Determining the fair value of any reporting unit requires us to make significant judgments, estimates, and assumptions. While we believe that the estimates and assumptions underlying our valuation methodology are reasonable, these estimates and assumptions could have a significant impact on whether or not a non-cash impairment charge is recognized and also the magnitude of any such charge. The results of an impairment analysis are as of a point in time. There is no assurance that the actual future earnings or cash flows of our reporting units will be consistent with our projections. We will monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods. Any significant decline in our operations could result in additional non-cash goodwill impairment charges or impairment charges with respect to our other intangible assets, which could be material.

Refer to “Critical Accounting Policies” within Part I - Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 4 “Goodwill and Intangible Assets” within the notes to our consolidated financial statements for further discussion of our goodwill, intangible assets, and impairment tests performed in 2020.

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

Our Stock Ownership Participation Program, 2012 Omnibus Incentive Plan, and 2004 Omnibus Stock Plan, which was replaced by the 2012 Omnibus Incentive Plan, permit the netting of common stock upon vesting of restricted stock awards to satisfy individual tax withholding requirements. During the quarter ended March 31, 2020, we reacquired 120,000 shares of common stock with a weighted average fair market value of $59.44 as a result of such tax withholdings.

We currently have a share repurchase program permitting us to repurchase up to $125 million of our common stock through October 31, 2020 (the "Share Repurchase Program"). The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, capacity under our line of credit, general market and business conditions, and applicable legal requirements. The following table provides information with respect to purchases we made of our common stock during the quarter ended March 31, 2020.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that may yet be Purchased under the Plans or Programs (2)
January 1, 2020 - January 31, 2020	134,346	$ 67.90	125,463	$ 12,408,601
February 1, 2020 - February 29, 2020	188,547	$ 65.55	188,535	$ 43,572
March 1, 2020 - March 31, 2020	111,105	$ 58.70	—	$ 43,572
Total	433,998	$ 64.53	313,998	

(1) The number of shares repurchased includes 8,883 shares in January 2020, 12 shares in February 2020 and 111,105 shares in March 2020 to satisfy employee tax withholding requirements. These shares do not reduce the repurchase authority under the Share Repurchase Program.

(2) As of the end of the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

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

				Incorporated by Reference			
Exhibit Number	Exhibit Description	Filed herewith	Furnished herewith	Form	Period Ending	Exhibit	Filing Date
10.1	Senior Management Agreement by and between Huron Consulting Group Inc. and Ernest W. Torain, Jr.	X					
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X				
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X					
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X					
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X					

SIGNATURE

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

	Huron Consulting Group Inc.
	(Registrant)
Date: April 30, 2020	/s/ John D. Kelly
	John D. Kelly
	Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 10.1

SENIOR MANAGEMENT AGREEMENT

BY AND BETWEEN

HURON CONSULTING GROUP INC.

AND

ERNEST W. TORAIN, JR.

<u>SENIOR MANAGEMENT AGREEMENT</u>

SENIOR MANAGEMENT AGREEMENT (the "**Agreement**"), effective as of March 1, 2020 (the "Effective Date"), by and between Huron Consulting Group Inc., a Delaware corporation ("**Huron**"), and Ernest W. Torain, Jr. ("**Executive**").

PRELIMINARY RECITALS

WHEREAS, Huron and its affiliates are engaged in the business of providing diversified business consulting services (the "**Business**"). For purposes of this Agreement (except where the context contemplates otherwise), the term the "**Company**" shall include Huron, its subsidiaries and assignees and any successors in interest of the Company and its subsidiaries;

WHEREAS, the Company currently employs Executive and desires to continue to employ Executive from and after the Effective Date, and Executive desires to continue to be so employed by the Company, as set forth herein;

NOW, THEREFORE, in consideration of the premises, the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. <u>Employment</u>.

1.1. <u>Title and Duties</u>. The Company agrees to continue to employ Executive, and Executive agrees to accept such continuing employment with the Company, as **Executive Vice President, General Counsel & Corporate Secretary** for the Employment Period, in accordance with the terms and conditions of this Agreement. During the Employment Period, Executive shall have such responsibilities, duties and authorities as are customarily assigned to such position and shall render such services or act in such capacity for the Company and its affiliates, as Huron's Chief Executive Officer (the "**CEO**") shall from time to time direct. Executive shall perform the duties and carry out the responsibilities assigned to Executive, to the best of Executive's ability, in a trustworthy and businesslike manner for the purpose of advancing the business of the Company and its affiliates. Executive shall engage in travel as reasonably required in the performance of Executive's duties. Executive acknowledges that Executive's duties and responsibilities hereunder will require Executive's full business time and effort and agrees that, during the Employment Period, Executive will not engage in any other business activity or have any business pursuits or interests which materially interfere or conflict with the performance of Executive's duties hereunder; provided that Executive may, with the approval of the CEO or his designee, serve on the board of other corporations or charitable organizations and engage in charitable activities, community affairs, and teaching.

1.2. <u>Employment Period</u>. The employment of Executive under this Agreement shall continue, unless one of the parties shall deliver to the other sixty (60) days' advance written notice of the cessation of Executive’s employment (the "**Employment Period**"). Notwithstanding anything to the contrary contained herein, the Employment Period is subject to termination pursuant to this **Section 1.2** and **Sections 1.3, 1.4** and **1.5**.

1.3. Termination Upon Death. If Executive dies during the Employment Period, Executive's employment shall automatically terminate on the date of Executive's death.

1.4. Termination by the Company.

(a) The Company may terminate Executive's employment hereunder upon written notice to Executive as described in **Section 10.5**. Such termination shall be effective upon the date notice of such termination is given pursuant to **Section 10.5** unless such notice shall otherwise provide.

(b) For purpose of this Agreement, "**Cause**" means the occurrence of any of the following events, as determined in the reasonable good faith judgment of the CEO:

(i) the failure of Executive to perform Executive's material duties (unless such failure relates to any disability, sickness or injury of Executive) which failure continues for twenty (20) days after the Company has given written notice to Executive specifying in reasonable detail the manner in which Executive has failed to perform such duties and affording opportunity to cure;

(ii) commission by Executive of an act or omission (A) constituting (x) a felony, (y) dishonesty with respect to the Company or (z) fraud, or (B) that (x) could reasonably be expected to adversely and materially affect the Company's business or reputation, or (y) involves moral turpitude;

(iii) the breach, non-performance or non-observance of any of the material terms of this Agreement (other than a breach, non-performance or nonobservance described in clause (i) of this **Section 1.4(b)**), or any other agreement to which Executive and the Company are parties, by Executive, if such breach, non-performance or non-observance shall continue beyond a period of twenty (20) days immediately after written notice thereof given by the Company to Executive; or

(iv) any breach, non-performance or non-observance of any of **Sections 6.3, 6.4**, or **6.5** of this Agreement; provided that if such conduct occurs while Executive is employed hereunder, the Company shall allow Executive an opportunity for a hearing before Huron's Board of Directors (the "**Board**") prior to any termination of Executive for Cause.

(c) Executive shall be deemed to have a "**Permanent Disability**" for purposes of this Agreement if Executive is eligible to receive benefits under the Company's long- term disability plan then covering Executive.

1.5 Termination by Executive. Except as otherwise provided herein, Executive shall give sixty (60) days' notice to the Company prior to the effectiveness of any resignation of Executive's employment with the Company. Executive's termination of employment shall be deemed to be on account of "Good Reason" if (a)(i) the Company gives notice to Executive that, during the Employment Period, Executive's primary location of employment with the Company will change to a location that is more than fifty (50) miles from Executive's primary location of employment with the Company in Chicago, Illinois, if (ii) Executive gives notice to the Company that the Company has materially failed to comply with any material term of this Agreement, or (iii) the Company materially reduces Executive's base salary or benefits coverage, provided that such reduction is without Executive's consent, is not warranted by the Company's financial condition, and is not a change that applies uniformly to similarly-situated Company executives, (b) the Company does not rescind (or otherwise cure) such event or condition within the sixty (60) day period following the occurrence of such event or, if applicable, the date of the notice from Executive to the Company, and (c) Executive resigns his employment within thirty (30) days after the end of such sixty (60) day cure period. Any notice from Executive to the Company under Section 1.5(a)(ii) or (iii) shall be provided within thirty (30) days after Executive first has knowledge of the applicable event or condition.

2. Compensation.

2.1. Base Salary. As consideration for the services of Executive hereunder, the Company shall pay Executive an annual base salary (the "**Base Salary**"), payable in accordance with the Company's customary payroll practices as in effect from time to time. The CEO shall perform an annual review of Executive's compensation based on Executive's performance of Executive's duties and the Company's other compensation policies, provided that Executive's Base Salary shall not be reduced without Executive's consent unless such reduction is part of a comparable overall reduction for members of senior management. The term Base Salary shall include any changes to the Base Salary from time to time.

2.2. Bonus Programs. For each calendar year, Executive shall be eligible for an annual bonus in an amount determined by the Compensation Committee of the Board (the "Compensation Committee") based on Executive's performance of Executive's duties and the Company's other compensation policies (the "**Annual Bonus**"). The actual Annual Bonus paid will be based on Company and Executive performance. Except as otherwise described in this Agreement, Executive's right to any bonus payable pursuant to this **Section 2.2** shall be contingent upon Executive being employed by the Company on the date the Annual Bonus is generally paid to executives of the Company.

3. Equity Awards. Executive shall generally be eligible to participate in Huron's equity plans from time to time, with the amount of any equity awards, and the terms and conditions under which they are granted being in the sole discretion of the Compensation Committee based on Executive's performance of Executive's duties and the Company's other compensation policies. Such equity awards shall be subject to the terms of the applicable equity incentive plan of the Company and granting agreement.

4. Benefits and Expenses.

4.1. Benefits. During the Employment Period, Executive shall be eligible to participate in the various health and welfare benefit plans maintained by the Company for its similarly-situated key management employees from time to time, including but not limited to paid vacation, medical and dental insurance, and disability and life insurance at levels as are provided from time to time to similarly-situated executives of the Company.

4.2. Business Expenses. During the Employment Period, the Company shall reimburse Executive for all ordinary, necessary and reasonable travel and other business expenses incurred by Executive in connection with the performance of Executive's duties hereunder, in accordance with the Company policy. Such reimbursement shall be made upon presentation of itemized expense statements and such other supporting documentation as the Company may reasonably require. To the extent that any such reimbursements are taxable to Executive **("Taxable Reimbursements"),** such reimbursements shall be paid to Executive only if (a) the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred during the Employment Period. With respect to any Taxable Reimbursements, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

5. Compensation After Termination.

5.1. Termination For Cause; Resignation Without Good Reason. If, Executive's employment is terminated by the Company for Cause or if Executive resigns his employment other than for Good Reason during the Employment Period then, except as required by law, the Company shall have no further obligations to Executive (except payment of the Base Salary accrued through the date of said termination), and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity).

5.2. Termination Without Cause; Resignation For Good Reason.

(a) If, Executive's employment is terminated by the Company without Cause or Executive resigns for Good Reason, then, subject to the terms and conditions of this Agreement, Executive shall be entitled to receive the following amounts and benefits:

(i) an amount in cash equal to one (1) times the sum of Executive's annual Base Salary and Target Bonus for the year of termination or resignation ("Severance Pay") payable to Executive in one lump sum within sixty (60) days following Executive's termination of employment; ;

(ii) Continuation of medical benefits for twelve (12) months upon the same terms as exist from time to time for active similarly-situated executives of the Company, which benefits shall be considered part of, and not in addition to, any coverage required under COBRA; and

(iii) An amount in cash equal to the Annual Bonus that Executive would have earned for the year of termination or resignation had he remained employed for the year in which his termination or resignation occurs based on satisfaction of Company performance targets, multiplied by a fraction, the numerator of which is the number of completed days of employment by Executive (including the date of termination or resignation) during the year of termination or resignation and the denominator of which is 365, which amount will be paid to Executive at the same time that the annual bonus is otherwise payable to the Company's executives in accordance with the annual bonus plan.

(b) The Company shall have no other obligations under this Agreement or otherwise for periods from and after Executive's employment termination date (except payment of the Base Salary accrued through the date of said termination), and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity).

5.3 Termination Due To Death, Permanent Disability. If Executive's employment is terminated due to Executive's Permanent Disability or if Executive dies during the Employment Period, then subject to the terms and conditions of this Agreement, (a) Executive or Executive's estate, as the case may be, shall be entitled to receive, in addition to any amounts Executive may be entitled to receive under the Company's long-term disability plan or other benefit plans, payment of Base Salary through the date of termination, and (b) Executive and/or Executive's eligible dependents shall receive continuation of medical benefits upon the same terms as exist immediately prior to the termination of employment for similarly-situated active executives of the Company for the six (6)-month period immediately following the termination of employment (which benefits shall be considered part of, and not in addition to, any coverage required under COBRA). The Company shall have no other obligations under this Section 5.3 or otherwise with respect to Executive's employment from and after the termination date, and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity). Subject to the terms and conditions of this Agreement, Executive or Executive’s estate shall also be entitled to receive the following amounts and benefits:

(a) An amount in cash equal to the then-prevailing target amount of Executive's Annual Bonus ("**Target Bonus**") for the year of death or disability multiplied by a fraction, the numerator of which is the number of completed days of employment by Executive (including the date of termination or resignation) during the year of termination or resignation and the denominator of which is 365, which amount will be paid to Executive or Executive’s estate at the same time that the annual bonus is otherwise payable to the Company’s executives in accordance with the annual bonus plan.

(b) Full vesting of any outstanding time-based equity awards granted to Executive, notwithstanding anything to the contrary that may be delineated in any equity plan or equity award agreement. Performance based equity will be treated in accordance with the applicable performance share equity agreement then in effect.

5.4 <u>This Section Intentionally Left Blank</u>

5.5 <u>Change of Control</u>.

(a) The provisions of **Sections 5.2** and **5.3** hereof to the contrary notwithstanding but subject to the other terms and conditions of this Agreement, if (i) Executive is terminated by the Company without Cause or Executive resigns his employment for CoC Good Reason (defined below) in either case during the period commencing on a Change of Control (defined below) and ending on the second anniversary of the Change of Control (such two year period being the "**Protection Period**" hereunder), or (ii) Executive reasonably demonstrates that the Company's termination of Executive's employment (or an event which, had it occurred following a Change of Control, would have constituted CoC Good Reason) prior to a Change of Control was attributable to or intended to facilitate a Change of Control or was at the request of or instigation of a third party who was taking steps reasonably calculated to effect a Change of Control (or otherwise in contemplation of a Change of Control) and a Change of Control actually occurs within twelve (12) months of such termination or resignation of Executive (a "**Qualifying Termination**"), then, subject to the terms and conditions of this Agreement, Executive shall be entitled to receive the following payments and benefits:

(i) an amount in cash equal to one and one-half (1.5) times the sum of Executive's annual Base Salary and Target Bonus for the year of termination or resignation;

(ii) an amount in cash equal to the then-prevailing target amount of Executive's Annual Bonus ("**Target Bonus**") for the year of termination or resignation multiplied by a fraction, the numerator of which is the number of completed days of employment by Executive (including the date of termination or resignation) during the year of termination or resignation and the denominator of which is 365, which amount will be paid to Executive at the same time that the annual bonus is otherwise payable to the Company's executives in accordance with the annual bonus plan;

(iii) anything set forth in any equity plan, equity award or any other provision of this Agreement between the Company and Executive to the contrary notwithstanding, all of Executive's outstanding equity grants that were awarded at or prior to the time of the Change of Control shall fully vest upon the occurrence of a Qualifying Termination; and

(iv) continuation of medical benefits eighteen (18) months from the date of such termination or resignation upon the same terms as exist for Executive immediately prior to the termination or resignation date (which benefits shall be considered part of, and not in addition to, any coverage required under COBRA).

Following any termination or resignation of Executive's employment pursuant to this **Section 5.5**, the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants and any restrictive covenants set forth in any plan, award and agreement applicable to Executive, at law or in equity). Subject to Executive's execution of the Release described in **Section 5.6**, the payments described in clauses (i) and (ii) ("**Change of Control Severance Pay**") shall be paid in a lump sum within sixty (60) days following Executive's termination or resignation of employment (or, in the case of a Qualifying Termination that occurs prior to the Change of Control, within sixty (60) days following the Change of Control). If the Qualifying Termination occurs prior to a Change of Control, in addition to the benefits described in clause (iv) of this **Section 5.5(a)**, Executive shall be paid a lump sum cash payment equal to the difference between (I) the applicable premium paid by Executive for continuation of medical benefits under COBRA from the date of the Qualifying Termination through the date of the Change of Control (the "**Pre-CoC Coverage Period**") and (II) the amount of the applicable premium that would have been paid by Executive for continuation of medical benefits during the Pre-CoC Coverage Period had the provisions of **Section 5.5(a)(iv)** been given effect from the date of the Qualifying Termination, which payment shall be made in a lump sum within sixty (60) days following the Change of Control. If (and to the extent) that the benefits provided pursuant to **Section 5.5(a)(iv)** are taxable to Executive and are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

(b) Payments and benefits under **Section 5.5(a)** shall not be subject to mitigation or offset, except that medical benefits may be offset by comparable benefits obtained by Executive in connection with subsequent employment. Nothing in this **Section** is intended to result in duplication of benefits provided by other provisions of this Agreement.

(c) The Change of Control Severance Pay shall be in lieu of the Severance Pay otherwise for a termination under **Section 5.2** of this Agreement and any other plan or agreement of the Company, whether adopted before or after the date hereof, which provides severance payments or benefits. For the avoidance of doubt, Executive shall not be entitled to payments and benefits under both this **Section 5.5** and any other provision of this **Section 5** as the result of his termination of employment.

(d) If it is determined that any amount, right or benefit paid or payable (or otherwise provided or to be provided) to Executive by the Company or any of its affiliates under this Agreement or any other plan, program or arrangement under which Executive participates or is a party (collectively, the "**Payments**"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, subject to the excise tax imposed by Section 4999 of the Code, as amended from time to time (the "**Excise Tax**"), then the amount of the Payments payable to Executive under this Agreement shall be reduced (a "**Reduction**") to the extent necessary so that no portion of such Payments payable to Executive is subject to the Excise Tax.

All determinations required to be made under this **Section 5.5(d)** and the assumptions to be utilized in arriving at such determination, shall be made by an independent, nationally recognized accounting firm mutually acceptable to the Company and Executive (the "**Auditor**"); provided that in the event a Reduction is required, Executive may determine which Payments shall be reduced in order to comply with the provisions of **Section 5.5(d)(e)**; provided, however that Executive may not determine such order with respect to any payments that are subject to Section 409A of the Code. The Auditor shall promptly provide detailed supporting calculations to both the Company and Executive following any determination that a Reduction is necessary. All fees and expenses of the Auditor shall be paid by the Company. All determinations made by the Auditor shall be binding upon the Company and Executive.

(e) For purposes of this Agreement, the term "Change of Control" shall be deemed to have occurred upon the first to occur of the following events:

(i) any Person becomes the Beneficial Owner, directly or indirectly, of common stock or voting securities of Huron (not including in the amounts beneficially owned by such Person any common stock or voting securities acquired directly from Huron or its Affiliates) representing 40% or more of the combined voting power of Huron's then outstanding securities; or

(ii) there is consummated a merger or consolidation of Huron or any direct or indirect subsidiary of Huron with any Person, other than (A) a merger or consolidation which would result in the voting securities of Huron outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of Huron or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, (B) a merger or consolidation effected to implement a recapitalization of Huron (or similar transaction) after which no Person other than existing security holders is or becomes the Beneficial Owner, directly or indirectly, of securities of Huron (not including in the amount Beneficially Owned by such Person any common stock or voting securities acquired directly from Huron or its Affiliates) representing 50% or more of the combined voting power of Huron's then outstanding securities, or (C) a merger or consolidation of a subsidiary of Huron that does not represent a sale of all or substantially all of the assets of Huron; or

(iii) the shareholders of Huron approve a plan of complete liquidation or dissolution of Huron (except for a plan of liquidation or dissolution effected to implement a recapitalization of Huron addressed in (ii) above); or

(iv) there is consummated an agreement for the sale or disposition of all or substantially all of the assets of Huron to a Person, other than a sale or disposition by Huron of all or substantially all of the assets of Huron to an entity at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Huron.

Notwithstanding the foregoing, a "**Change of Control**" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Huron immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Huron immediately following such transaction or series of transactions.

For purposes of this Change of Control definition, (I) **"Beneficial Owner"** shall have the meaning set forth in Rule 13d-3 under the Exchange Act, (II) **"Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended from time to time, (III) **"Person"** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (w)Huron or any of Huron's direct or indirect subsidiaries, (x) a trustee or other fiduciary holding securities under an employee benefit plan of Huron or any of its Affiliates, (y) an underwriter temporarily holding securities pursuant to an offering of such securities, or (z) a corporation owned, directly or indirectly, by the stockholders of Huron in substantially the same proportions as their ownership of stock of Huron and (IV) **"Affiliate"** shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(f) For purposes of this **Section 5.5** (and distinguished from "Good Reason" provided under certain other circumstances under this Agreement), the term **"CoC Good Reason"** means the occurrence of any of the following within the twenty-four (24) month period following a Change of Control (or prior to a Change of Control in connection with a Qualifying Termination) without the express written consent of Executive:

(i) any material breach by the Company of this Agreement;

(ii) any material adverse change in the status, responsibilities or position of Executive;

(iii) any material reduction in Base Salary or Target Bonus, other than in connection with an across-the-board reduction in Base Salaries applicable in like proportions to all similarly-situated executives of the Company and any direct or indirect parent of the Company;

(iv) assignment of duties to Executive that are materially inconsistent with Executive's position and responsibilities described in this Agreement; and

(v) requiring Executive to be principally based at any office or location more than fifty (50) miles from the current offices of the Company in Chicago, IL.

The foregoing to the contrary notwithstanding, if Huron is acquired as a subsidiary or division of a reporting company pursuant to Section 13 and Section 15(d) of the Securities Exchange Act of 1934, the fact that Executive is not named as General Counsel of the reporting company following the Change of Control shall not constitute CoC Good Reason.

Notwithstanding the foregoing provisions of this paragraph (f), Executive's termination of employment shall be considered to be on account of CoC Good Reason only if (A) an event or condition occurs which satisfies the foregoing provisions of this **Section 5.5(f)**, (B) Executive provides the Company with written notice pursuant to **Section 10.5** that he intends to resign for CoC Good Reason and such written notice includes (I) a designation of at least one of **Section 5.5(f)(i)-(v)** (the "**Designated Sections**") which Executive believes is the basis for CoC Good Reason and (II) specifically describes the events or conditions Executive is relying upon to satisfy the requirements of the Designated Sections, (C) as of the thirtieth (30th) day following the Company's receipt of such notice from Executive, such events or conditions have not been corrected in all material respects, and (D) Executive resigns his employment within sixty (60) days after the date on which Executive first has actual knowledge of the occurrence of the events or conditions upon which Executive relies upon to satisfy any of the Designated Sections.

5.6 General Release. Executive acknowledges and agrees that Executive's right to receive severance pay and other benefits (including post-termination equity vesting) pursuant to **Section 5.2** and **5.5** of this Agreement (collectively, the "**Severance Benefits**") is contingent upon Executive's compliance with the covenants, representations, warranties and agreements set forth in **Section 6** of this Agreement and, except for those payments and benefits required to be made or provided by law or pursuant to the express terms of a benefit plan (and other than those benefits to be provided upon death), such Severance Benefits shall be conditioned upon Executive's execution and acceptance of the terms and conditions of, and the effectiveness of, a general release in the standard form used by the Company at the time of Executive's termination of employment. (the "**Release**"); provided, however, that such Release shall not require Executive to relinquish any rights or claims that (a) arise after his execution of the Release, (b) relate to indemnification or liability insurance pursuant to the Company's insurance plans, bylaws or applicable law, or (c) cannot be waived by law. If Executive fails to comply with the covenants set forth in **Section 6** or if Executive fails to execute the Release or revokes the Release during the seven (7)-day period following his execution of the Release, then Executive shall not be entitled to any Severance Benefits. The Company shall provide Executive with the Release within five (5) days following his termination of employment (or, in the case of any benefits relating to a Qualifying Termination occurring prior to a Change of Control, within five (5) days following the Change of Control). Executive shall be entitled to any such Severance Benefits only if the Release has been executed, is effective and the applicable revocation period has expired no later than the date as of which such Severance Benefits are to be paid (or provided) pursuant to this Agreement and if such requirements are not satisfied, Executive shall not be entitled to any such Severance Benefits.

6. Restrictive Covenants and Agreements.

6.1 Executive's Acknowledgment. Executive agrees and acknowledges that in order to assure the Company that it will retain its value and that of the Business as a going concern, it is necessary that Executive not utilize special knowledge of the Business and its relationships with customers to compete with the Company. Executive further acknowledges that:

(a) the Company is and will be engaged in the Business during the Employment Period and thereafter;

(b) Executive will occupy a position of trust and confidence with the Company, and during the Employment Period, Executive will become familiar with the Company's trade secrets and with other proprietary and Confidential Information concerning the Company and the Business;

(c) the agreements and covenants contained in this **Section 6** and **Sections 7, 8** and **9** are essential to protect the Company and the confidentiality of its Confidential Information (defined below) and near permanent client relationships as well as goodwill of the Business and compliance with such agreements and covenants will not impair Executive's ability to procure subsequent and comparable employment; and

(d) Executive's employment with the Company has special, unique and extraordinary value to the Company and the Company would be irreparably damaged if Executive were to provide services to any person or entity in violation of the provisions of this Agreement.

6.2 Confidential Information. As used in this **Section 6, "Confidential Information"** shall mean the Company's trade secrets and other non-public information relating to the Company or the Business, including, without limitation, information relating to financial statements, customer identities, potential customers, employees, suppliers, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, profit margins and other information developed or used by the Company in connection with the Business that is not known generally to the public or the industry and that gives the Company an advantage in the marketplace. Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of Executive. Executive agrees to deliver to the Company at the termination of Executive's employment, or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documents (and copies thereof) relating to the Business or the Company or other forms of Confidential Information which Executive may then possess or have under Executive's control.

6.3 Non-Disclosure. Executive agrees that during employment with the Company and thereafter, Executive shall not reveal to any competitor or other person or entity (other than current employees of the Company) any Confidential Information regarding Clients (as defined herein) that Executive obtains while performing services for the Company. Executive further agrees that Executive will not use or disclose any Confidential Information of the Company, other than in connection with Executive's work for the Company, until such information becomes generally known in the industry through no fault of Executive.

Nothing in this Agreement prohibits Executive from reporting an event that Executive reasonably and in good faith believes is a violation of law to the relevant law- enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), or from cooperating in an investigation conducted by such a government agency. Executive is hereby provided notice that under the 2016 Defend Trade Secrets Act (DTSA): (1) no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret (as defined in the Economic Espionage Act) that: (A) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public; and,
(2) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order

6.4 Non-Solicitation of Clients. Executive acknowledges that Executive will learn and develop Confidential Information relating to the Company's Clients and relating to the Company's servicing of those Clients. Executive recognizes that the Company's relationships with its Clients are extremely valuable to it and that the protection of the Company's relationships with its Clients is essential.

Accordingly, and in consideration of the Company's employment of Executive and the various benefits and payments provided in conjunction therewith, Executive agrees that during the Employment Period and for the longer period **("Restricted Period")** thereafter of (i) the period for which Executive is entitled to receive severance payments under **Section 5.2(a)(i)** or, if applicable, **Section 5.5(a)(ii)**, or (ii) twelve (12) months following termination of Executive's employment with the Company for any reason, Executive will not, whether or not Executive is then self-employed or employed by another, directly or through another, provide services that are the same or similar to those services offered for sale and/or under any stage of development by the Company at the time of Executive's termination, to any Client of the Company whom Executive:

(a) obtained as a Client for the Company; or

(b) consulted with, provided services for, or supervised the provision of services for during the twelve (12) month period immediately preceding termination of Executive's employment; or

(c) submitted or assisted in the submission of a proposal for the provision of services during the six (6) month period immediately preceding termination of Executive's employment.

"Client" shall mean those persons or firms for whom the Company has either directly or indirectly provided services within the twenty-four (24)-month period immediately preceding termination of Executive's employment and therefore includes both the referral source or entity that consults with the Company and the entity to which the consultation related. **"Client"** also includes those persons or firms to whom Executive has submitted a proposal (or assisted in the submission of a proposal) to perform services during the six (6) month period immediately preceding termination of Executive's employment. For the avoidance of doubt, for purposes of determining the Restricted Period, the period for which Executive is entitled to receive severance payments shall be determined based on the period of Base Salary that is to be paid to Executive as severance payments, regardless of the period over which the severance pay is actually paid.

6.5 Non-Interference with Relationships. Executive shall not at any time during the Restricted Period directly or indirectly solicit, induce or encourage (a) any executive or employee or other personnel (including contractors) of the Company, or (b) any customer, Client, supplier, lender, professional advisor or other business relation of the Company to leave, alter or cease his/her/its relationship with the Company, for any reason whatsoever. Executive shall not hire or assist in the hiring of any executive or employee or other personnel (including contractors) of the Company for that same time period, whether or not Executive is then self-employed or employed by another business. Executive shall not at any time directly or indirectly make disparaging remarks about the Company.

6.6 Modification. If any court of competent jurisdiction shall at any time deem that the term of any Restrictive Covenant is too lengthy, or the scope or subject matter of any Restrictive Covenant exceeds the limitations imposed by applicable law, the parties agree that provisions of **Sections 6.3, 6.4** and **6.5** shall be amended to the minimum extent necessary such that the provision is enforceable or permissible by such applicable law and be enforced as amended.

6.7 Representations and Warranties. Executive has made full disclosure to the Company concerning the existence of, and delivered copies of any documents relating to, any contractual arrangement (including, but not limited to, any non-compete or non-solicitation agreement) that Executive has with any current or former employer which agreement purports to be in effect as of the Effective Date or the dates of Executive's intended employment with the Company (other than the Prior Agreement). Executive represents, warrants and covenants to the Company that (a) Executive is not a party to or bound by any employment agreement, noncompete, nonsolicitation (of customers or employees), nondisturbance (of customers, employees or vendors), or confidentiality agreement with any previous employer or any other person or entity that would be violated by Executive's acceptance of this position or which would interfere in any material respect with the performance of Executive's duties with the Company, (b) that Executive will not use any confidential information or trade secrets of any person or party other than the Company in connection with the performance of Executive's duties with the Company, (c) that Executive will not at any time breach (or threaten to breach) any such agreement with any such previous employer or any other person or entity during Executive's employment with the Company and (d) Executive shall not at any time enter into any modification of any forgoing such agreement or any new agreement with, waive any rights of Executive under any agreement with, or acknowledge any amounts due from Executive to, Executive's previous employer without first obtaining the prior written consent of the Company in its sole discretion. Executive shall hereafter immediately disclose to the Company any knowledge of Executive of a possible or potential violation of any forgoing such agreement occurring at any time.

7. Ownership of Intellectual Property. All intellectual property, ideas, inventions, writings, software and Confidential Information created or conceived by Executive alone or with others while employed with the Company that relate to the Company's business or clients or work assigned to Executive by the Company (collectively, "Materials") constitute "work made for hire" and are the exclusive property of the Company. If for any reason any Materials cannot legally constitute a "work made for hire," then this Agreement shall operate as an irrevocable assignment and agreement to assign to the Company all right, title and interest in such Materials. Executive will promptly disclose to the Company in writing all Materials developed during his employment with the Company, and Executive will execute such documents as may be necessary to evidence his assignment(s) of all right, title and interest in Materials to the Company. If Executive claims ownership in any intellectual property, ideas or inventions that predate his employment with the Company, then Executive will disclose such claims in writing to the Company's Human Resources Department before commencing any work for the Company.

8. Effect on Termination. If, for any reason, this Agreement shall terminate or Executive's employment with the Company shall terminate, then, notwithstanding such termination, those provisions contained in this **Section 8** and **Sections 6, 7, 9** and **10** hereof shall survive and thereafter remain in full force and effect.

9. Remedies.

9.1 Non-Exclusive Remedy for Restrictive Covenants. Executive acknowledges and agrees that the covenants set forth in **Sections 6.3, 6.4**, and **6.5** of this Agreement (collectively, the "**Restrictive Covenants**") are reasonable and necessary for the protection of the Company's business interests, that irreparable injury will result to the Company if Executive breaches any of the terms of the Restrictive Covenants, and that in the event of Executive's actual or threatened breach of any such Restrictive Covenants, the Company will have no adequate remedy at law. Executive accordingly agrees that in the event of any actual or threatened breach by Executive of any of the Restrictive Covenants, the Company shall be entitled to immediate temporary injunctive and other equitable relief, without the necessity of showing actual monetary damages or the posting of bond. Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages.

9.2 Arbitration. Except as set forth in **Section 9.1**, any controversy or claim arising out of or related to (i) this Agreement, (ii) the breach thereof, (iii) Executive's employment with the Company or the termination of such employment, or (iv) Employment Discrimination, shall be settled by arbitration in Chicago, Illinois before a single arbitrator administered by the American Arbitration Association ("**AAA**") under its National Rules for the Resolution of Employment Disputes, amended and restated effective as of January 1, 2004 (the "**Employment Rules**"), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, Rule R-34 of the AAA's Commercial Arbitration Rules amended and restated effective as of September 1, 2007 (instead of Rule 27 of the Employment Rules) shall apply to interim measures. References herein to any arbitration rule(s) shall be construed as referring to such rule(s) as amended or renumbered from time to time and to any successor rules. References to the AAA include any successor organization. "**Employment Discrimination**" means any discrimination against or harassment of Executive in connection with Executive's employment with the Company or the termination of such employment, including any discrimination or harassment prohibited under federal, state or local statute or other applicable law, including the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Americans with Disability Act, or any similar federal, state or local statute.

10. Miscellaneous.

10.1 Assignment. Executive may not assign any of Executive's rights or obligations hereunder without the written consent of the Company. The Company may assign this Agreement without the consent of Executive. Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not. In connection with a Change of Control, the Company shall cause a successor to the Company to explicitly assume and agree to be bound by this Agreement and any such successor shall explicitly assume and agree to be bound by this Agreement.

10.2 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity and without invalidating the remainder of this Agreement.

10.3 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement.

10.4 Descriptive Headings; Interpretation. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. The use of the word **"including"** in this Agreement shall be by way of example rather than by limitation.

10.5 Notices. All notices, demands or other communications to be given under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered personally to the recipient, (b) sent to the recipient by reputable express courier service (charges prepaid) or mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, or (c) transmitted by telecopy or electronic mail. Such notices, demands and other communications shall be sent to the addresses indicated below:

To the Company: Huron Consulting Group Inc.

550 West Van Buren Street Chicago, IL 60607 Attention: Patricia Olsen

To Executive: Ernest W. Torain, Jr.
1140 Hinman Avenue Evanston, IL 60202

or to such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. The date in which such notice shall be deemed given shall be (w) the date of receipt if personally delivered, (x) three (3) business days after the date of mailing if sent by certified or registered mail, (y) one business day after the date of delivery to the overnight courier if sent by overnight courier or (z) the next business day after the date of transmittal by telecopy.

10.6 Preamble; Preliminary Recitals. The Preliminary Recitals set forth in the Preamble hereto are hereby incorporated and made part of this Agreement.

10.7 Taxes. All compensation payable to Executive from the Company shall be subject to all applicable withholding taxes, normal payroll withholding and any other amounts required by law to be withheld.

10.8 Entire Agreement. Except as otherwise expressly set forth herein, this Agreement sets forth the entire understanding of the parties, and supersedes and preempts all prior oral or written understandings and agreements with respect to the subject matter hereof, including the Prior Agreement, as amended.

10.9 Governing Law. This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the laws of the State of Illinois without giving effect to provisions thereof regarding conflict of laws.

10.10 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party hereto.

10.11 Amendment and Waivers. Any provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive.

10.12 Additional Section 409A Provisions. Notwithstanding any provision contained in this Agreement to the contrary, if (a) any payment hereunder is subject to Section 409A of the Code, (b) such payment is to be paid on account of Executive's separation from service (within the meaning of Section 409A of the Code) and (c) Executive is a "specified employee" (within the meaning of Section 409A(a)(2)(B) of the Code), then such payment shall be delayed, if necessary, until the first day of the seventh month following Executive's separation from service (or, if later, the date on which such payment is otherwise to be paid under this Agreement). With respect to any payments hereunder that are subject to Section 409A of the Code and that are payable on account of a separation from service, the determination of whether Executive has had a separation from service shall be determined in accordance with Section 409A of the Code. It is the intention of both the Company and Executive that the benefits and rights to which Executive could be entitled in connection with termination of employment comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Executive or the Company believes, at any time, that any such benefit or right does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A of the Code (with the most limited possible economic effect on Executive and on the Company). Neither the Company nor Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A of the Code, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates written below.

COMPANY:

HURON CONSULTING GROUP INC.

By: /s/ James H. Roth
Its: CEO
Date: 2/20/20

Ernest W. Torain, Jr.

/s/ Ernest W. Torain
Ernest W. Torain
(print name)
2-18- 20
Date

EXHIBIT 31.1

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

I, James H. Roth, certify that:

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

Date:	April 30, 2020	By:	/S/ JAMES H. ROTH
			James H. Roth
			Chief Executive Officer

EXHIBIT 31.2

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

I, John D. Kelly, certify that:

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

Date:	April 30, 2020	By:	/S/ JOHN D. KELLY
			John D. Kelly
			Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Huron Consulting Group Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Roth, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date:	April 30, 2020	By:	/s/ JAMES H. ROTH
			James H. Roth
			Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Huron Consulting Group Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John D. Kelly, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date:	April 30, 2020	By:	/s/ JOHN D. KELLY
			John D. Kelly
			Executive Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.