As filed with the Securities and Exchange Commission on June 21, 2004.

Registration No. 333-115434

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
To
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

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

550 West Van Buren Street
Chicago, Illinois 60607
(312) 583-8700
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Gary E. Holdren
Chief Executive Officer and President
Huron Consulting Group Inc.
550 West Van Buren Street
Chicago, Illinois 60607
(312) 583-8700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

Charles W. Mulaney, Jr., Esq. **Kimberly A. deBeers, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **333 West Wacker Drive** **Chicago, Illinois 60606** **(312) 407-0700**	**Herbert S. Wander, Esq.** **Adam R. Klein, Esq.** **Katten Muchin Zavis Rosenman** **525 West Monroe Street** **Chicago, Illinois 60661** **(312) 902-5200**

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee (3)
Common stock, par value $.01 per share	$ 115,000,000	$ 14,571

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.
(2) Includes shares that may be sold, if any, pursuant to the underwriter's overallotment option.
(3) In connection with the initial filing of the Registration Statement on May 12, 2004, $12,670 was previously paid.

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

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

PRELIMINARY PROSPECTUS Subject to Completion June 21, 2004

Shares

Huron CONSULTING GROUP

Common Stock

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

We have applied for the quotation of our common stock on the NASDAQ National Market under the symbol "HURN."

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in " **Risk factors" beginning on page 11 of this prospectus.**

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

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

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

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

UBS Investment Bank Deutsche Bank Securities

William Blair & Company

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

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

Huron Consulting Group Inc., Huron Consulting Group, our logo and certain other names of our services are our trademarks, trade names or service marks. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder.

Prospectus summary

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

OUR BUSINESS

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

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

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

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

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

OUR HISTORY

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

In response to strong demand for our services, we began aggressively hiring consultants in the first quarter of 2003 and added over 200 new consultants during 2003. While this aggressive hiring negatively impacted our utilization rates (determined by dividing the number of hours all of our consultants worked on client assignments during a period by the total available working hours for all of our consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days) as we integrated our new hires, we believe the early results of this growth initiative are evident in our recent financial results. Revenues in 2002 totaled $35.1 million for our first eight months of operations and rose to $101.5 million in 2003, our first full year of operations. Revenues totaled $40.1 million in the three months ended March 31, 2004 compared to $23.2 million in the three months ended March 31, 2003, representing 72.8% year-over-year growth. We incurred a net loss of $4.2 million for the partial year ended December 31, 2002 and a net loss of $1.1 million for the year ended December 31, 2003 and generated net income of $2.3 million for the three months ended March 31, 2004. At March 31, 2004, we had a total stockholders' deficit of $4.5 million.

OUR COMPETITIVE STRENGTHS

We believe our key competitive strengths include:

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

with the professionalism of a major professional services firm. We believe our performance-based compensation program, which both recognizes individual performance and reinforces teamwork, also contributes to our recruiting and retention success.

OUR GROWTH STRATEGY

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

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

RISKS RELATING TO OUR BUSINESS AND THIS OFFERING

As part of your evaluation of an investment in our common stock, you should take into account the risks to which we are subject. We may be adversely affected by risks related to our business, including, among other things, risks related to our limited operating history, our ability to attract and retain highly skilled individuals, managing the growth of our business, maintaining adequate utilization and suitable billing rates for our consultants, expanding existing and identifying new client relationships, enhancing our reputation and building our brand. In addition, our industry includes a large number of participants and is highly competitive. You should also be aware that there are various risks specific to our common stock, including risks related to, among other things, book value dilution, future potential sales of substantial amounts of our common stock, continuing voting control by our majority stockholder and potential stock price volatility. For more information about these and other risks, see “Risk factors” beginning on page 11. You should consider carefully these risks before making an investment in our common stock.

BACKGROUND AND CERTAIN TRANSACTIONS

We were founded with equity sponsorship from a group of investors led by Lake Capital Management LLC. For purposes of holding their investment in us, these investors formed HCG Holdings LLC, a

Delaware limited liability company. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by certain other institutional investors, some of our executive officers and other managing directors, each of our board members, a director nominee and approximately 30 other holders. Our executive officers, board members and the director nominee holding interests in HCG Holdings LLC are Gary Holdren, our Chief Executive Officer and a board member, George Massaro, our Chief Operating Officer and a board member, Gary Burge, our Chief Financial Officer, Daniel Broadhurst, our Vice President, and John McCartney, a director nominee. These individuals collectively hold 2.1% of the common interests and 2.3% of the preferred interests in HCG Holdings LLC. Paul Yovovich, whom we expect to add to our board after the consummation of this offering, is president of Lake Capital Management LLC and also has preferred and common interests in HCG Holdings LLC.

HCG Holdings LLC, the selling stockholder, currently owns approximately 94% of our outstanding common stock and all of our outstanding 8% preferred stock and 8% promissory notes. Some of our executive officers, each of our board members and some of our current and former employees own the remaining approximately 6% of our outstanding common stock. On the date of this prospectus, we intend to grant shares of restricted common stock to certain of our executive officers and employees. We also intend to grant to each of our independent directors options exercisable for shares of our common stock, assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus. These options will have a per share exercise price equal to the public offering price.

After giving effect to this offering (without giving effect to the underwriters' over-allotment option) and the issuance of shares of restricted common stock to certain of our executive officers and employees on the date of this prospectus, HCG Holdings LLC will own approximately % of our outstanding common stock. As a result, HCG Holdings LLC will continue to have the power to control all matters submitted to our stockholders for approval after the consummation of this offering.

Upon consummation of this offering, we will use approximately $ million of our net proceeds to redeem the outstanding 8% preferred stock and approximately $ million to repay in full the outstanding 8% promissory notes. We expect that substantially all of the proceeds HCG Holdings LLC receives from (1) the $1.25 million special dividend we intend to pay prior to the consummation of this offering, (2) the sale of the shares being offered by it in this offering, (3) the redemption of the outstanding 8% preferred stock and (4) the repayment by us of the 8% promissory notes will be distributed by HCG Holdings LLC to its members in accordance with its governing documents. Assuming that each of the foregoing transactions occurred on June 15, 2004, this offering was consummated at a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, and HCG Holdings LLC distributed the entire amount of its proceeds, Messrs. Holdren, Massaro, Burge, Broadhurst and McCartney would receive in the aggregate $.

See "Use of proceeds," "Dividend policy" "Certain relationships and related transactions," "Principal and selling stockholders" and "Description of capital stock" for further information.

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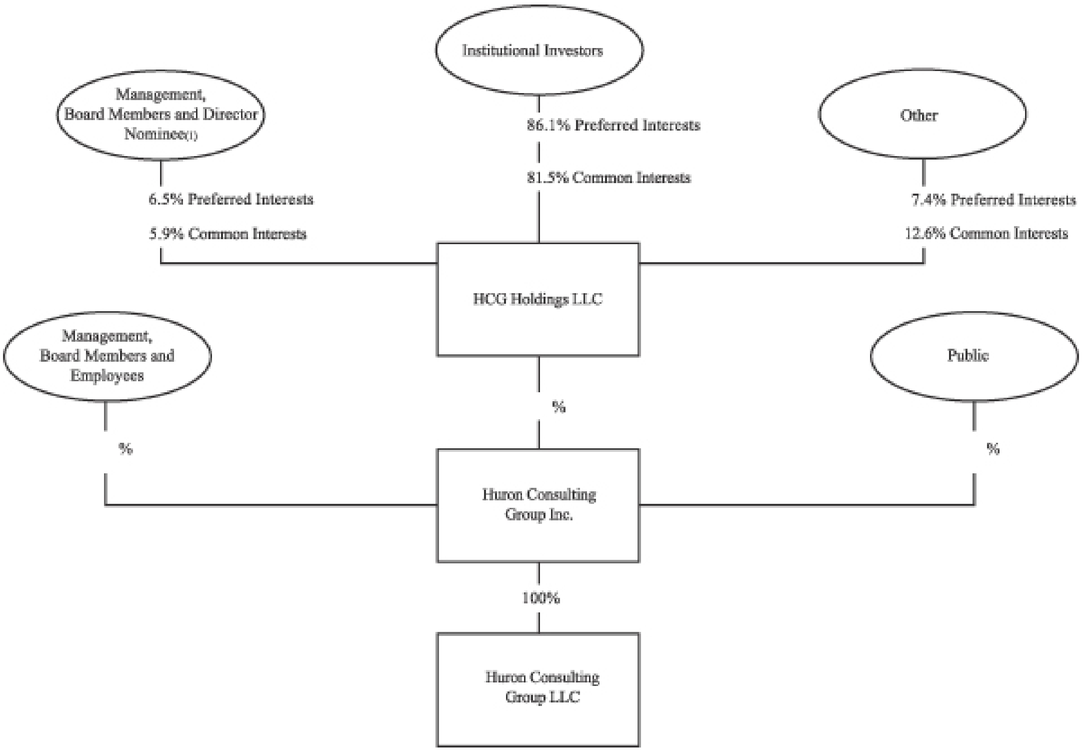
The following organizational chart sets forth the corporate structure and ownership of us and of HCG Holdings LLC after giving effect to this offering (without giving effect to the exercise of the underwriters' over-allotment option). Our post-offering ownership structure gives effect to the issuance by us of shares of restricted common stock to certain of our executive officers and employees on the date of this prospectus, but does not give effect to shares of common stock issuable upon the exercise of outstanding options, including shares issuable upon the exercise of options to be issued to our independent directors on the date of this prospectus.



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(1) The executive officers, board members and the director nominee included in this group are Messrs. Broadhurst, Burge, Holdren, Massaro and McCartney. These individuals collectively hold 2.1% of the common interests and 2.3% of the preferred interests in HCG Holdings LLC. The remaining 3.8% of the common interests and 4.2% of the preferred interests in HCG Holdings LLC held by this group reflects the interests held by certain of our other managing directors.

CORPORATE INFORMATION

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

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The offering

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

The number of shares of our common stock outstanding immediately after this offering is based on the number of shares outstanding at , 2004. This number includes the shares of restricted common stock that we intend to grant to certain of our executive officers and employees on the date of this prospectus, but does not include:

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

Unless otherwise indicated, all information in this prospectus assumes:

- the issuance of the shares of restricted common stock that we intend to grant to certain of our executive officers and employees on the date of this prospectus;

- the grant of the options exerciseable for shares of our common stock that we intend to grant to our independent directors on the date of this prospectus;
- a for stock split of our outstanding shares of Class A common stock and Class B common stock, which will be effected prior to the consummation of this offering;
- the conversion of each outstanding share of our Class A common stock into a share of our common stock and of each outstanding share of our Class B common stock into a share of our common stock, which will occur immediately prior to the consummation of this offering pursuant to the terms of our certificate of incorporation; and
- the underwriters do not exercise their over-allotment option, which entitles them to purchase up to additional shares of our common stock from the selling stockholder.

Summary consolidated financial and other operating data

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

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

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

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

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

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

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

Other operating data (unaudited):

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

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

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

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

(3) *The pro forma weighted average shares outstanding represents (1) an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to the issuance of shares that would have been issued by us in this offering, based on an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, less estimated underwriting discounts and commissions and offering expenses payable by us, in order to pay the $1.25 million special dividend, redeem our outstanding 8% preferred stock (including the liquidation participation amount), and repay our outstanding 8% promissory notes and (2) an increase of weighted average shares as of March 31, 2004 in order to repay the borrowings under our credit agreement at March 31, 2004, as if these transactions occurred at the beginning of each period. See "Use of Proceeds." The pro forma weighted average shares outstanding also includes the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004 as if this issuance also occurred at the beginning of each period. We intend to issue these shares of restricted common stock to certain of our executive officers and employees on the date of this prospectus.*

(4) *Consultants consist of our billable professionals.*

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

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

Risk factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks below before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. In such an event, the trading price of our common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS

Our inability to retain our senior management team and other managing directors would be detrimental to the success of our business.

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

Our senior management team and our other managing directors will receive substantial financial benefits as a result of this offering, which may reduce the financial incentive for them to stay with us.

Our senior management team and our other managing directors hold stock options that have partially vested, and these options will fully vest over the next four years, including, in some cases, upon consummation of this offering. These options have exercise prices ranging from $ to $ per share. An individual may be more likely to leave us after their options fully vest, especially if the shares underlying the options have significantly appreciated in value relative to the option exercise price. While we intend to grant additional stock-based awards to our senior management team and other managing directors to provide additional incentives to remain employed by us, the number of options that they have already been granted are likely much larger than any follow-on grants that we may make. In addition, Mr. Holdren, our Chief Executive Officer, holds shares of restricted common stock that he purchased for $ per share that will fully vest upon consummation of this offering. On the date of this prospectus, we intend to grant shares of restricted common stock to certain of our executive officers and employees. The restricted shares will vest over a four year period, with 25% vesting on each anniversary of the grant date during that period. We also intend to grant to each of our independent directors options exercisable for shares of our common stock, assuming a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus. These options will have a per share exercise price equal to the public offering price. One-third of these options will vest on the grant date and one-third will vest on each of the next two annual meetings.

In addition, some of our executive officers and other managing directors, each of our board members and a director nominee are members of HCG Holdings LLC and collectively hold 5.9% of the common interests and 6.5% of the preferred interests in HCG Holdings LLC. These individuals will also realize a financial benefit if HCG Holdings LLC makes a distribution to its members of the proceeds it receives from (1) the special dividend that will be paid prior to the consummation of this offering, (2) the sale of the shares being offered by it in this offering, (3) the redemption of the 8% preferred stock and (4) the repayment of the 8% promissory notes held by HCG Holdings LLC. If any of the above-described individuals realize substantial financial benefits as a result of their securities ownership in us or HCG Holdings LLC, their financial incentive to stay with us may be reduced.

Our inability to hire and retain talented people in an industry where there is great competition for talent could have a serious negative effect on our prospects and results of operations.

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

We have experienced net losses for most of our history, and our limited operating history makes evaluating our business difficult.

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

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

We may not be successful in accomplishing these objectives. Further, our limited operating history makes it difficult to evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in highly competitive industries. The historical information in this prospectus may not be indicative of our future financial condition and future performance. For example, we expect that our future annual growth rate in revenues will moderate and likely be less than the growth rates experienced in 2003 and the first quarter of 2004.

If we are unable to manage the growth of our business successfully, we may not be able to sustain profitability.

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

Our financial results could suffer if we are unable to achieve or maintain adequate utilization and suitable billing rates for our consultants.

Our profitability depends to a large extent on the utilization and billing rates of our consultants. Utilization of our consultants is affected by a number of factors, including:

- the number and size of client engagements;
- the timing of the commencement, completion and termination of engagements, which in many cases is unpredictable;
- our ability to transition our consultants efficiently from completed engagements to new engagements;
- the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate;
- unanticipated changes in the scope of client engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate level of consultants; and
- conditions affecting the industries in which we practice as well as general economic conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our corporate advisory services practice provides various turnaround, restructuring and bankruptcy services to companies in financial distress or their creditors or other stakeholders. This practice accounted for 30.7% and 27.1% of our revenues for the year ended December 31, 2003 and three months ended March 31, 2004, respectively. We are typically engaged in connection with a bankruptcy case when the bankruptcy is of the size and complexity that generally requires the debtor or other constituents to retain the services of financial advisors. A number of other factors also affect demand for this practice. These factors include:

- over-expansion by various businesses;
- management's inability to address critical operational and financial issues;

- the level of lending activity and over-leveraging of companies; and
- challenging general economic conditions in the United States, which have benefited our corporate advisory services practice since we commenced operations.

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

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

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

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

From time to time, primarily in our corporate advisory services and strategic sourcing practices, we enter into engagement agreements under which our fees include a significant performance-based component. Performance-based fees are contingent on the achievement of specific measures, such as our clients meeting cost-saving or other contractually defined goals. The achievement of these contractually-defined goals is often impacted by factors outside of our control, such as the actions of our client or third parties. Because performance-based fees are contingent, revenues on such engagements, which are recognized when all revenue recognition criteria are met, are not certain and the timing of receipt is difficult to predict and may not occur evenly throughout the year. While performance-based fees comprised 3.3% and 5.6% of our revenues for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively, we intend to continue to enter into performance-based fee arrangements and these engagements may impact our revenues to a greater extent in the future. Should performance-based fee arrangements represent a greater percentage of our business in the future, we may experience increased volatility in our working capital requirements and greater variations in our quarter-to-quarter results, which could affect the price of our common stock. In addition, an increase in the proportion of performance-based fee arrangements may offset the positive effect on our operating results from increases in our utilization rate or average billing rate per hour.

Conflicts of interest could preclude us from accepting engagements thereby causing decreased utilization and revenues.

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

If we are unable to accept new engagements for any reason, our consultants may become underutilized, which would adversely affect our revenues and results of operations in future periods.

Expanding our service offerings or number of offices may not be profitable.

We may choose to develop new service offerings or open new offices because of market opportunities or client demands. Developing new service offerings involves inherent risks, including:

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

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

Our engagements could result in professional liability, which could be very costly and hurt our reputation.

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

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

We believe that establishing, maintaining and enhancing the “Huron Consulting Group” name is important to our business. We are, however, aware of a number of other companies that use names containing “Huron.” There could be potential trade name or service mark infringement claims brought against us by the users of these similar names and marks and those users may have trade name or service mark rights that are senior to ours. If another company were to successfully challenge our right to use our name, or if we were unable to prevent a competitor from using a name that is similar to our name, our ability to build brand identity could be negatively impacted.

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

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

As a holding company, we are totally dependent on distributions from our operating subsidiary to pay dividends or other obligations and there may also be other restrictions on our ability to pay dividends in the future.

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

RISKS ASSOCIATED WITH PURCHASING OUR COMMON STOCK IN THIS OFFERING

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

If you purchase shares of our common stock in this offering, you will experience an immediate and substantial dilution of $ in pro forma net tangible book value per share of your investment as described in the section of this prospectus entitled “Dilution.” This means that the price you pay for the shares you acquire in this offering will be significantly higher than their net tangible book value per share. If we issue additional shares of common stock in the future, you may experience further dilution in the net tangible book value of your shares. Likewise, you will incur additional dilution if the holders of outstanding options to purchase shares of our common stock at prices below our net tangible book value per share exercise their options after this offering. As of March 31, 2004, there were shares of common stock issuable upon the exercise of outstanding stock options, with a weighted average exercise price of $ per share.

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

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

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

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

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

Because HCG Holdings LLC will have the ability to continue to control us after this offering, the influence of our public stockholders over significant corporate actions will be limited.

After the completion of this offering, HCG Holdings LLC will control approximately % of our outstanding common stock, or approximately % if the underwriters exercise their over-allotment option in full. As a result, after this offering, HCG Holdings LLC will continue to have the power to control all matters submitted to our stockholders, including the election of our directors and amendments to our certificate of incorporation, and will have the ability to approve or prevent any transaction that requires the approval of stockholders regardless of whether or not other stockholders believe that any such transactions are in their own best interests. So long as HCG Holdings LLC continues to own a significant amount of the outstanding shares of our common stock, it will continue to be able to strongly influence or effectively control our decisions.

Conflicts of interests between HCG Holdings LLC and us or you could arise in the future.

Conflicts of interests between HCG Holdings LLC and us or you could arise in the future, and these conflicts may not be resolved in our or your favor. For instance, Lake Capital Partners LP and its affiliates, which control HCG Holdings LLC, are in the business of making investments in companies and have, and may from time to time acquire and hold, interests in businesses that compete directly or indirectly with us. These entities may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. In addition, HCG Holdings LLC, through its significant ownership interest in us, may seek to cause us to take courses of action that, in its judgment, could enhance its investment in us, but which might involve risks to, or otherwise adversely affect, us or you.

In addition, after this offering, some of our executive officers and managing directors and a number of our board members will continue to be members of and hold equity interests in HCG Holdings LLC. These relationships with HCG Holdings LLC could create, or appear to create, potential conflicts of interests when these individuals are faced with decisions that could have different implications for our company and HCG Holdings LLC.

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

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

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

The market price of our common stock may be highly volatile and subject to wide fluctuations in response to numerous factors, including the factors discussed in other risk factors, which could also cause variations in our quarterly results of operations, and the following factors:

- press releases or publicity relating to us or our competitors or relating to trends in the industry;
- changes in the legal or regulatory environment affecting businesses to which we provide services;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- the operating and stock performance of other companies that investors may deem comparable;
- inability to meet quarterly or annual estimates or targets of our performance; and
- general domestic or international economic, market and political conditions.

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

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

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

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

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

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

Special note regarding forward-looking statements

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

Use of proceeds

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

Upon the consummation of this offering, we will use approximately $ million of our net proceeds from this offering to exercise our option to redeem our outstanding 8% preferred stock. The redemption amount of the 8% preferred stock is equal to the original issuance price of $1,000 per share plus cumulative dividends that will have accrued on a daily basis from the date of investment through the date of this prospectus at a rate of 8% per annum, compounded annually, together with a liquidation participation amount. The liquidation participation amount is calculated as if we were liquidated on the date of this prospectus and the excess of our assets over our liabilities (with the liabilities including, for purposes of this calculation, the aggregate stated value of all outstanding shares of preferred stock and all accrued and unpaid interest) were distributed on a share for share basis among the holders of preferred stock and common stock.

We will also use approximately $ million of our net proceeds to repay our outstanding 8% promissory notes, including accrued and unpaid interest, and repay any borrowings outstanding under our credit agreement at the time of the consummation of this offering. The 8% promissory notes were issued at various times in 2002 and mature five years and six months from the date of issuance, subject to mandatory prepayment upon the occurrence of specified events, including the consummation of this offering. Interest on the promissory notes, which is payable annually, accrues at a rate of 8% per year. Borrowings under the credit agreement, which totaled $1.5 million as of March 31, 2004, bear interest at either the prime rate or LIBOR plus 2.75% and are secured by substantially all of our assets. Borrowings under the credit agreement are payable at the expiration of the agreement in February 2005, subject to our compliance with a covenant that requires that we have an uninterrupted 30-day period each year with no loans outstanding.

HCG Holdings LLC, the selling stockholder, currently owns approximately 94% of our common stock and all of our outstanding 8% preferred stock and 8% promissory notes. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by certain institutional investors, some of our executive officers and other managing directors, each of our board members, a director nominee and approximately 30 other holders.

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

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

Dividend policy

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

Capitalization

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

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

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

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Capitalization

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

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

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

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

Dilution

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

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

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

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

The following table illustrates this per share dilution:

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

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Dilution

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

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

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

Selected consolidated financial and other operating data

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

Selected consolidated financial and other operating data

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

Selected consolidated financial and other operating data

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

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

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

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

(3) *The pro forma weighted average shares outstanding represents (1) an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to the issuance of shares that would have been issued by us in this offering, based on an assumed public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, less estimated underwriting discounts and commissions and offering expenses payable by us, in order to pay the $1.25 million special dividend, redeem our outstanding 8% preferred stock (including the liquidation participation amount) and repay our outstanding 8% promissory notes and (2) an increase of weighted average shares as of March 31, 2004 in order to repay the borrowings under our credit agreement at March 31, 2004, as if these transactions occurred at the beginning of each period. See "Use of proceeds." The pro forma weighted average shares outstanding also includes the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004, as if this issuance also occurred at the beginning of each period. We intend to issue these shares of restricted common stock to certain of our executive officers and employees on the date of this prospectus.*

(4) *Consultants consist of our billable professionals.*

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

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

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

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

OVERVIEW

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

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

Revenues

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

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

In fixed-fee engagements, we agree to a pre-established fee in exchange for a pre-determined set of consulting services. We set the fees based on our estimates of the costs and timing for completing the fixed-fee engagements. It is the client's expectation in these engagements that the pre-established fee will not be exceeded except in mutually agreed upon circumstances. For the three months ended March 31, 2004, fixed-fee engagements represented approximately 15.6% of our revenues.

Performance-based fee engagements generally tie fees to the attainment of contractually defined objectives. We enter into performance-based engagements in essentially two forms. First, we generally earn fees that are directly related to the savings formally acknowledged by the client as a result of adopting our recommendations for improving cost effectiveness in the procurement area. Second, we have performance-based engagements in which we earn a success fee when and if certain pre-defined outcomes occur. Often this type of success fee supplements time-and-expense or fixed-fee engagements. While performance-based fee revenues represented approximately 5.6% of our revenues in the three months ended March 31, 2004, such revenues in the future may cause significant variations in quarterly revenues and operating results due to the timing of achieving the performance-based criteria.

Our quarterly results are also affected by our utilization rate and the number of business work days in each quarter. Our utilization rate can be negatively affected by increased hiring because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate. Our utilization rate can also be affected by seasonal variations in the demand for our services from our clients. For example, during the third and fourth quarters of the year, vacations taken by our clients can result in the deferral of spending on existing and new engagements, which would negatively affect our utilization rate. The number of business work days are also affected by the number of vacation days taken by our consultants and holidays in each quarter. We typically have 10% to 15% fewer business work days available in the third and fourth quarters of the year, which can impact revenues during those periods. The decline in the number of business work days in the third and fourth quarters of 2002 and 2003 was offset by the hiring of a substantial number of additional consultants during those periods, thereby resulting in an increase in sequential revenues by quarter during both years. We expect to continue to hire a meaningful number of new consultants in the future as demand for our various services continues to grow. The actual number and experience level of consultants to be hired will be in response to future market conditions. Future quarterly revenues will be impacted principally by the number of our available consultants, our utilization rate and the number of business work days in a quarter.

Reimbursable expenses

Reimbursable expenses that are billed to clients, primarily relating to travel and out-of-pocket expenses incurred in connection with engagements, are included in total revenues and reimbursable expenses, and typically an equivalent amount of these expenses are included in total direct costs and reimbursable expenses. The amount of reimbursable expenses included in total revenues and reimbursable expenses may not always correspond with the amount of these expenses included in total direct costs and reimbursable expenses due to the fact that revenues from reimbursable expenses associated with performance-based engagements may be deferred and recognized at a later date when the revenue on these engagements is recognized. This treatment can result in a timing difference between when revenue from reimbursable expenses is recognized and when such expenses are recognized in the statement of operations. Such timing differences are eliminated when the performance-based engagement is completed, as total cumulative revenues from reimbursable expenses will equal the total cumulative reimbursable expenses incurred on the engagement.

Direct costs

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

Operating expenses

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

Segment results

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

CRITICAL ACCOUNTING POLICIES

Management’s discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The notes to our consolidated financial statements include disclosure of our significant accounting policies. We annually review our financial reporting and disclosure practices and accounting policies to ensure that our financial reporting and disclosures provide accurate information relative to the current economic and business environment. The preparation of financial statements in conformity with GAAP requires management to make assessments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to impact our financial position and operating results. While all decisions regarding accounting policies are important, we believe that there are four accounting policies that could be considered critical. These critical policies, which are presented in detail in the notes to our financial statements, relate to revenue recognition, the provision for doubtful accounts and unbilled services, valuation of net deferred tax assets and stock-based compensation.

Revenue recognition

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

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

Allowance for doubtful accounts and unbilled services

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

The provision for doubtful accounts and unbilled services is recorded as a reduction in revenue to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. To the extent the provision relates to a client’s inability to make required payments, the provision is recorded in operating expenses.

Valuation of net deferred tax assets

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

Stock-based compensation

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

Given the lack of a public market for our common stock, we established an estimated fair value of the common stock as well as the exercise price for the options to purchase this stock. Contemporaneously with each option issuance, we estimated the fair value of our common stock by obtaining valuations from nationally recognized unrelated third-party valuation specialists and evaluating our results of business activities and projections of our future results of operations. Based upon an estimated public offering price of $, the mid-point of the range shown on the cover of this prospectus, the intrinsic value of the options outstanding at March 31, 2004 was $ million, of which $ million related to the vested options and $ million related to the unvested options.

RESULTS OF OPERATIONS

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

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

(1) Consultants consist of our billable professionals.

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

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

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

Revenues

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

The increase in revenues was reflective of accelerated hiring and an increase in the average billing rate per hour without a significant decrease in our utilization rate. The overall $16.9 million increase in revenues resulted from a $17.4 million increase in revenues attributable to an increase in billable hours associated with the hiring of additional consultants and a $0.2 million increase in revenues attributable to an increase in the average billing rate per hour, which were partially offset by a $0.7 million decrease in revenues attributable to a decrease in our utilization rate. The average number of consultants increased to 483 for the three months ended March 31, 2004 from 279 for the three months ended March 31, 2003, as we added a substantial number of consultants during the third and fourth quarters of 2003 to meet growing demand for our services and position us for future growth. In addition, the average billing rate per hour increased to $229 for the three months ended March 31, 2004 from $228 for the three months ended March 31, 2003. Average billing rate per hour for any given period is calculated by dividing revenues for the period by the number of hours worked on client assignments during the same period. Our utilization rate decreased to 73.4% for the three months ended March 31, 2004 from 75.8% for the three months ended March 31, 2003. Our utilization rate for the three months ended March 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Direct costs

Our direct costs increased $11.3 million, or 83.1%, to $24.9 million in the three months ended March 31, 2004 from $13.6 million in the three months ended March 31, 2003. This increase in cost was primarily attributable to the increase in the average number of consultants described above. We expect direct costs will increase in the near term as we focus primarily on hiring additional managers, associates and analysts to expand support for our existing practices and better leverage the managing directors and directors that we hired in 2003.

Operating expenses

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

Depreciation expense increased $0.4 million to $0.6 million in the three months ended March 31, 2004 from $0.2 million in the three months ended March 31, 2003 as computers and leasehold improvements were added to support our increase in employees. There was no amortization expense in the three months ended March 31, 2004 compared to $1.1 million in the three months ended March 31, 2003. The decrease in amortization expense in the three months ended March 31, 2004 was due to the amortization of the $5.5 million in intangible costs paid in 2002 to obtain the release of certain of our employees from non-competition agreements with Arthur Andersen LLP, their former employer, and the related assumption of $0.8 million in liabilities, both of which were fully amortized by December 31, 2003.

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

Operating income

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

Segment results

Financial Consulting

Revenues

Financial Consulting segment revenues increased $7.5 million, or 43.6%, to $24.7 million for the three months ended March 31, 2004 from $17.2 million for the three months ended March 31, 2003. Revenues from time-and-expense engagements increased $7.4 million, or 47.7%, to $22.9 million for the three months ended March 31, 2004 from $15.5 million for the three months ended March 31, 2003. Revenues from fixed-fee engagements increased $0.3 million, or 20.0%, to $1.8 million for the three months ended March 31, 2004 from $1.5 million for the three months ended March 31, 2003. There were no revenues from performance-based engagements for the three months ended March 31, 2004 compared to $0.2 million for the three months ended March 31, 2003.

The overall $7.5 million increase in revenues resulted from a $9.0 million increase in revenues attributable to an increase in billable hours associated with the hiring of additional consultants and a $0.3 million increase in revenues attributable to an increase in the average billing rate per hour, which were partially offset by a $1.8 million decrease in revenues attributable to a decrease in our utilization rate. The average number of consultants increased to 291 for the three months ended March 31, 2004 from 182 for the three months ended March 31, 2003 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $240 for the three months ended March 31, 2004 from $237 for the three months ended March 31, 2003. The increased headcount and average billing rate per hour were partially offset by a decrease in our utilization rate to 72.5% for the three months ended March 31, 2004 from 80.8% for the three months ended March 31, 2003. Our utilization rate for the three months ended March 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Operating income
Financial Consulting segment operating income increased $0.9 million, or 11.8%, to $8.5 million in the three months ended March 31, 2004 from $7.6 million in the three months ended March 31, 2003. Segment operating margin, defined as segment operating income expressed as a percentage of segment revenues, declined to 34.3% in the three months ended March 31, 2004 from 44.1% in the three months ended March 31, 2003 due to a $0.2 million decline in performance-based fee revenues recognized and a decline in segment utilization rate to 72.5% for the three months ended March 31, 2004 from 80.8% for the three months ended March 31, 2003.

Operational Consulting

Revenues
Operational Consulting segment revenues increased $9.4 million, or 156.7%, to $15.4 million for the three months ended March 31, 2004 from $6.0 million for the three months ended March 31, 2003. Revenues from time-and-expense engagements increased $4.0 million, or 85.1%, to $8.7 million for the three months ended March 31, 2004 from $4.7 million for the three months ended March 31, 2003. Revenues from fixed-fee engagements increased $3.4 million, or 309.1%, to $4.5 million for the three months ended March 31, 2004 from $1.1 million for the three months ended March 31, 2003. Revenues from performance-based engagements increased $2.0 million to $2.2 million for the three months ended March 31, 2004 from $0.2 million for the three months ended March 31, 2003.

Of the overall $9.4 million increase in revenues, $8.0 million was attributable to an increase in billable hours associated with the hiring of additional consultants, $0.7 million was attributable to an increase in the average billing rate per hour and $0.7 million was attributable to an increase in our utilization rate. The average number of consultants increased to 192 for the three months ended March 31, 2004 from 97 for the three months ended March 31, 2003 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $213 for the three months ended March 31, 2004 from $204 for the three months ended March 31, 2003. In addition, our utilization rate increased to 74.8% for the three months ended March 31, 2004 from 66.4% for the three months ended March 31, 2003.

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

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

Revenues
Revenues increased $66.4 million, or 189.2%, to $101.5 million for the year ended December 31, 2003 from $35.1 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $55.6 million, or 182.3%, to $86.1 million for the year ended December 31, 2003 from $30.5 million for the partial year ended December 31, 2002. Revenues from fixed-fee

engagements increased $8.0 million, or 195.1%, to $12.1 million for the year ended December 31, 2003 from $4.1 million for the partial year ended December 31, 2002. Revenues from performance-based engagements increased $2.8 million to $3.3 million for the year ended December 31, 2003 from $0.5 million for the partial year ended December 31, 2002.

The overall $66.4 million increase in revenues resulted from a $55.7 million increase in revenues attributable to an increase in billable hours associated with the hiring of additional consultants and 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period, a $5.3 million increase in revenues attributable to an increase in the average billing rate per hour and a $5.4 million increase in revenues attributable to an increase in our utilization rate. The average number of consultants increased to 365 for the year ended December 31, 2003 from 247 for the partial year ended December 31, 2002 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $217 for the year ended December 31, 2003 from $206 for the partial year ended December 31, 2002. In addition, our utilization rate increased to 66.1% for the year ended December 31, 2003 from 57.3% in the partial year ended December 31, 2002. Utilization for the year ended December 31, 2003 was influenced by two large time-sensitive engagements involving a large number of consultants.

Direct costs

Our direct costs increased $43.3 million, or 165.9%, to $69.4 million in the year ended December 31, 2003 from $26.1 million in the partial year ended December 31, 2002. This increase in cost was primarily attributable to the increase in the average number of consultants described above.

Operating expenses

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

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

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

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

Segment results

Financial Consulting

Revenues
Financial Consulting segment revenues increased $47.5 million, or 212.1%, to $69.9 million for the year ended December 31, 2003 from $22.4 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $44.4 million, or 224.2%, to $64.2 million for the year ended December 31, 2003 from $19.8 million for the partial year ended December 31, 2002. Revenues from fixed-fee engagements increased $2.3 million, or 88.5%, to $4.9 million for the year ended December 31, 2003 from $2.6 million for the partial year ended December 31, 2002. Revenues from performance-based engagements were $0.8 million for the year ended December 31, 2003, and there were no revenues from performance-based engagements in 2002.

The overall $47.5 million increase in revenues resulted from a $36.9 million increase in revenues attributable to an increase in billable hours associated with the hiring of additional consultants and 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period, a $6.1 million increase in revenues attributable to an increase in the average billing rate per hour and a $4.5 million increase in revenues attributable to an increase in our utilization rate. The average number of consultants increased to 227 for the year ended December 31, 2003 from 163 for the partial year ended December 31, 2002 as we added a substantial number of consultants across all of our practices to meet growing demand for our services. The average billing rate per hour increased to $233 for the year ended December 31, 2003 from $212 for the partial year ended December 31, 2002. In addition, our utilization rate of 66.8% for the year ended December 31, 2003 was up from 55.7% for the partial year ended December 31, 2002.

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

Operational Consulting

Revenues
Operational Consulting segment revenues increased $18.8 million, or 148.0%, to $31.5 million for the year ended December 31, 2003 from $12.7 million for the partial year ended December 31, 2002. Revenues from time-and-expense engagements increased $11.2 million, or 104.7%, to $21.9 million for the year ended December 31, 2003 from $10.7 million for the partial year ended December 31, 2002. Revenues from fixed-fee engagements increased $5.7 million to $7.2 million for the year ended December 31, 2003 from $1.5 million for the partial year ended December 31, 2002. Revenues from performance-based engagements increased $1.9 million to $2.4 million for the year ended December 31, 2003 from $0.5 million for the partial year ended December 31, 2002.

The overall $18.9 million increase in revenues resulted from an $18.9 million increase in revenues attributable to an increase in billable hours associated with the hiring of additional consultants and 2003 having twelve months of operations versus the first eight months of our operations in the 2002 period and a $1.0 million increase in revenues attributable to an increase in our utilization rate, which were partially offset by a $1.0 million decrease in revenues attributable to a decrease in the average billing rate per hour. The average number of consultants increased to 138 for the year ended December 31, 2003 from 84 for the partial year ended December 31, 2002. Our utilization rate of 65.0% for the year ended December 31, 2003 was up from 60.5% for the partial year ended December 31, 2002. The average billing rate per hour decreased to $189 for the year ended December 31, 2003 from $195 for the partial year ended December 31, 2002.

Operating income

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

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Selected quarterly consolidated financial and other operating data

The following table sets forth selected unaudited quarterly operating information for each of the eight quarters during the period from April 1, 2002 to March 31, 2004. We did not have any operations during the period from March 19, 2002 (inception) to March 31, 2002. The following quarterly consolidated financial data has been prepared on the same basis as, and should be read together with, the audited financial statements and related notes contained elsewhere in this prospectus and includes all normal recurring adjustments necessary for the fair presentation of the information for the periods presented. Results for any fiscal quarter are not necessarily indicative of results for the full year or for any future quarter.

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

(1) Consultants consist of our billable professionals.

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

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

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

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

Although our fee structure is variable, our direct costs, which include primarily consultant payroll costs, are fixed within the short-term. Consequently, a variation in the number or size of client engagements or the timing of the initiation or the completion of client engagements can cause significant variations in operating results from quarter-to-quarter.

LIQUIDITY AND CAPITAL RESOURCES

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

Operating activities

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

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

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

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

Investing activities

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

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

Financing activities

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

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

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

In 2003, our wholly-owned operating subsidiary, Huron Consulting Group LLC, entered into a bank credit agreement that allowed it to borrow up to the lesser of $5.0 million or 75% of eligible accounts receivable, as defined by the terms of the agreement. Borrowings under the agreement are also limited by any outstanding letters of credit. Borrowings under the agreement bear interest at either the prime rate or LIBOR plus 2.75%, and are secured by substantially all of our assets. We had no borrowings outstanding as of December 31, 2003; however, available borrowings under the agreement were limited to $4.0 million as of that date due to two outstanding letters of credit provided as security for our

Chicago and New York office leases and totaling $750,000 and $236,000, respectively. Our bank credit agreement includes covenants for minimum equity and maximum annual capital expenditures as well as covenants restricting our ability to incur additional indebtedness or engage in certain types of transactions outside of the ordinary course of business. The minimum equity covenant originally required that the sum of paid-in capital and net income of Huron Consulting Group LLC, less any distributions made by Huron Consulting Group LLC, be at least $18.5 million at any time. The capital expenditures covenant originally prohibited Huron Consulting Group LLC from incurring expenditures for the acquisition of fixed assets in excess of $2.5 million in the aggregate in any fiscal year. The dollar amounts specified in these covenants have since been revised as described below.

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

Before expiring in January 2004, our bank credit agreement was amended to extend the term to February 10, 2005 and to increase the total availability to the lesser of $15.0 million or the sum of (a) 75% of eligible accounts receivable and (b) the lesser of 30% of unbilled services and $3.0 million. Borrowings under the agreement are also still limited by any outstanding letters of credit. The bank credit agreement was further amended in May 2004 to, among other things, clarify the minimum equity covenant and lower the minimum equity requirement to $10.5 million, and to permit certain asset sales outside the ordinary course of business.

As of March 31, 2004, borrowings outstanding under our bank credit agreement were $1.5 million and the remaining balance available under the credit agreement was $10.6 million after the calculation of eligible accounts receivable and unbilled services balances and a reduction of approximately $1.7 million for letters of credit outstanding. The increase in letters of credit outstanding resulted from the Chicago lease security deposit requirement increasing from $750,000 to $1.5 million. We intend to use a portion of our net proceeds from this offering to repay any borrowings outstanding under the credit agreement at the time this offering is consummated.

On May 12, 2004, we declared a special dividend on each outstanding share of our common stock and 8% preferred stock payable to holders of record on May 25, 2004. The 8% preferred stock will participate on an as converted basis. The aggregate amount of the dividend will be $1.25 million, or $ per share of common stock and $ per share of 8% preferred stock, and will be paid prior to the consummation of this offering. The payment of the special dividend will be funded by our available cash balance or, if necessary, by borrowing availability under our credit agreement.

Future needs

As indicated in "Business—Growth Strategy" below, our plans include hiring additional consultants and expanding our service offerings through existing consultants, new hires or acquisitions. We intend to fund such growth over the next twelve months with funds generated from operations and borrowing availability under our credit agreement. For example, we used the $4.0 million of cash provided by operations in 2003 for capital expenditures to support our growing business. While the first quarter of 2004 had negative cash flow from operations of $5.1 million, this was primarily due to the timing of 2003 annual bonus payments of $7.7 million and first quarter growth in revenues that increased working capital balances for receivables and unbilled services by $9.2 million. Because we expect that our future annual growth rate in revenues and related percentage increases in working capital balances will moderate, we believe our cash from operations, supplemented as necessary by borrowings under our credit facility and the proceeds from this offering, will be adequate to fund this growth.

Over the longer term, we expect that cash flow from operations, supplemented by short and long term financing and the proceeds from this offering, as necessary, will be adequate to fund day-to-day operations and capital expenditure requirements. Our ability to secure short-term and long-term financing in the future will depend on several factors, including our future profitability, the quality of our accounts receivable and unbilled services, our relative levels of debt and equity and overall condition of the credit markets. Following this offering, the net proceeds remaining after repayment of our 8% promissory notes, redemption of the 8% preferred stock and repayment of outstanding indebtedness under our credit facility will be invested in short-term, interest bearing investment grade securities.

CONTRACTUAL OBLIGATIONS

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

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

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

During 2002, we entered into promissory note agreements with HCG Holdings LLC totaling $10.1 million. Interest on the promissory notes, which is payable annually, accrues at the rate of 8% per year. The notes mature five years and six months from the date of issuance. The notes may be prepaid at any time without penalty and prepayment is mandatory upon the occurrence of specified events, including the consummation of this offering. Accordingly, upon the consummation of this offering, we will use approximately $ million of our net proceeds from this offering to repay the outstanding 8% promissory notes, including accrued and unpaid interest.

OFF BALANCE SHEET ARRANGEMENTS

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

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to interest rates and changes in the market value of our investments. We do not enter into interest rate caps or collars or other hedging instruments. Our exposure to changes in interest rates is limited to borrowings under the bank credit agreement, which has a variable interest rates tied to the LIBOR or prime rate. Based upon the amount of borrowings outstanding as of March 31, 2004 under our bank credit agreement, a 100 basis point change in interest rates would not have a material effect on our financial position or operating results. From time to time, we invest excess cash in marketable securities. These investments principally consist of overnight sweep accounts. Due to the short maturity of our investments and debt obligations, we have concluded that we do not have material market risk exposure.

RECENT ACCOUNTING PRONOUNCEMENTS

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

In November 2002, the FASB reached a consensus on EITF Issue No. 00-21. EITF Issue No. 00-21 provides guidance on how to account for revenue arrangements that include multiple products or services to ensure that all standalone deliverables are tracked, valued and accounted for on an individual basis and in the proper periods. The guidance in EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We have contracts with clients to deliver multiple services that are covered under both individual and separate engagement letters. These arrangements allow for our services to be valued and accounted for on a separate basis. Therefore, the adoption of EITF Issue No. 00-21 did not have any impact on our consolidated financial position or result of operations.

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

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

Business

OVERVIEW

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

Our financial consulting services include:

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

Our operational consulting services include:

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

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

We have grown significantly since we commenced operations, more than doubling the number of our consultants from 213 on May 31, 2002 to 483 on March 31, 2004. We have hired experienced professionals from a variety of organizations, including the four largest public accounting firms, referred to as the Big Four, and other consulting firms. Our highly credentialed consultants include certified public accountants, MBAs, accredited valuation specialists and forensic accountants. Our 63 managing directors who are consultants have an average of 20 years of business experience.

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

INDUSTRY BACKGROUND

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

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

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

- **Sarbanes-Oxley and stockholder activism.** The enactment of the Sarbanes-Oxley Act of 2002 has substantially limited the scope of non-audit services that large public accounting firms, such as the Big Four, can provide to their audit clients. We believe these limitations represent a significant opportunity for independent consulting firms. A study done by the Investor Responsibility Research Center in February 2002 of 1,224 public U.S. companies estimated that 72%, or approximately $4.0 billion, of the fees these companies paid to the accounting firm that conducted their audit in fiscal 2000 were for non-audit services. Although a substantial amount of this spending was for tax services, which we do not provide, we believe there is still a significant opportunity to provide the other non-audit services. Further, influential institutional investors, citing concerns over perceived conflicts of interest, have opposed the ratification of auditors and the election of directors of companies that engage their auditors to perform permissible non-audit services. We believe that the restrictions of Sarbanes-Oxley, the increasing stockholder opposition to auditors performing consulting services for their audit clients and the relatively small number of large public accounting firms will lead many clients to choose independent consulting firms over the Big Four when seeking providers of various consulting services.
- **Operational challenges and opportunities.** Organizations must constantly reevaluate business processes in order to manage change and risk and minimize or recover costs. For example, in the healthcare industry, the steady flow of changes that affect healthcare funding, treatments, delivery and administration increase the difficulty in managing a complex mix of factors, including rising healthcare costs and insurance premiums and the increasing number of uninsured citizens. In the higher education industry, research universities and academic medical centers must develop and maintain programs to effectively manage research compliance risks and implement systems that support the recovery of research costs. Additionally, the difficulties of managing a large number of legal matters compels in-house legal departments to seek ways to improve their efficiency and effectiveness, which drives demand for consultants specializing in legal department operations. In general, a variety of organizations seek to improve their procurement efficiencies, improve operational processes and reduce costs. We believe that in seeking to meet these challenges and capitalize on these opportunities, organizations will increasingly augment their internal resources with consultants who can provide a combination of industry expertise and strong technical skills.
- **Improving economic conditions and merger and acquisition activity.** Despite depressed levels in recent years, there was a rebound in merger and acquisition, or M&A, activity in the first quarter of 2004 amidst an improvement in general economic conditions. According to Dealogic, the aggregate dollar value of announced M&A transactions with a deal value of under $5 billion increased approximately 30% in the first quarter of 2004 compared to the first quarter of 2003. We believe M&A activity creates demand for financial consulting services, such as purchase price allocations and other similar valuation services and dispute and litigation services, as well as operational consulting services, such as performance improvement and strategic sourcing.
- **Financial distress.** Despite the recent decline in corporate bankruptcy filings, we believe there will continue to be a sufficient number of bankruptcies of the size and complexity that typically require debtors and other constituents to retain the services of financial advisors. Additionally, outside of the bankruptcy process there is an ongoing need for restructuring and turnaround consulting services to assist financially distressed, under-performing and debt-laden companies and their stakeholders.

OUR COMPETITIVE STRENGTHS

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

- **Experienced and highly qualified consultants.** We believe the principal reason clients choose a particular consulting firm is the experience of the firm’s professionals. Our managing directors who are consultants have an average of 20 years of business experience and come from a wide array of organizations, including national accounting firms and other consulting firms. Our consultants combine proficiency in accounting, finance, economics and operations with deep knowledge of specific industries. In addition, many of our consultants are highly credentialed and include certified public accountants, MBAs, accredited valuation specialists and forensic accountants.

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

OUR GROWTH STRATEGY

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

- **Attracting additional highly qualified consultants.** From May 31, 2002 through March 31, 2004, we more than doubled the number of our consultants from 213 to 483. We have five human resource professionals dedicated to recruiting employees who will complement and add depth to our broad array of existing consulting skills. We believe our stimulating work environment, performance-based compensation program and distinctive culture will enable us to attract additional top talent from other consulting firms, accounting firms, targeted industries and on-campus recruiting. Although we do not expect to add employees at our historical growth rate, we expect to continue to hire a meaningful number of new consultants in the future as demand for our various services continues to grow. The actual number and experience level of consultants to be hired will be in response to our assessments of future market conditions and demand for our services. In the near term, our focus will primarily be on hiring and developing additional managers, associates and analysts to expand support for our existing practices and better leverage the managing directors and directors that we hired in 2003. We will also continue in the near term to hire talented managing directors to build our business.

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

Our ability to implement our growth strategy is subject to a number of risks, including those described under the section of this prospectus entitled “Risk Factors” concerning our consultants, our reputation, new service offerings and our intellectual property.

OUR SERVICES

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

Financial Consulting

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

- **Disputes and investigations.** Our disputes and investigations practice provides financial and economic analysis to support law firms and corporations in connection with business disputes, lawsuits and regulatory or internal investigations. We have extensive experience in the areas of financial investigations and forensic accounting, including matters involving SEC or other regulatory inquiries or investigations, financial restatements and special accounting projects. We provide specialized accounting services to gather and analyze voluminous financial data and reconstruct complex transactions and events. In addition, we apply economic and econometric analyses in the areas of antitrust and anticompetitive practices, securities fraud, insurance claims and damages, as well as deliver or support independent expert testimony in such cases. We also provide services supporting clients' paper and electronic discovery/document management needs, including computer forensics.

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

Operational Consulting

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

- **Higher education.** Our higher education practice provides operational consulting services to research universities and academic medical centers. We provide financial modeling, operational process redesign, strategic planning and assessments and advice on software selection and implementation, especially in connection with helping research universities address the challenges and complexities of administering research programs, including the complex requirements of federally-funded research. Our research administration services include compliance assessments, cost recovery services and operations assistance. We also have extensive experience implementing the PeopleSoft Grants Suite as a technology solution to sponsored research administration challenges.
- **Healthcare.** Our healthcare practice helps healthcare providers and payors effectively address their strategic, operational and financial challenges. On the provider side, we help hospitals, physicians and other healthcare providers improve operations by performing assessments and implementing solutions

designed to reduce costs and increase effectiveness. Our engagements typically focus on revenue cycle and cash acceleration, patient care productivity and management, supply chain improvements, strategic growth and planning, financial planning and physician services. For healthcare payors, we focus on compliance and government contracting issues, such as with Medicare, the U.S. health insurance program for people age 65 and older and certain others, and TRICARE, the U.S. military health system. Our Medicare contract services include Medicare contract transition and termination assistance, implementation of cost accounting standards, secondary payer analyses, strategic assessments and proposal support services. We also assist pharmaceutical companies with pricing analyses and related aspects of regulatory disclosures and calculations.

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

OUR CLIENTS

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

Financial Consulting

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

Business

Operational Consulting

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

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

EMPLOYEES

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

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

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

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

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

BUSINESS DEVELOPMENT AND MARKETING

Business development

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

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

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

Marketing

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

COMPETITION

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

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

FACILITIES

Our principal executive offices are located in a leased facility in Chicago, Illinois, consisting of approximately 62,000 square feet of office space, under a ten-year lease that expires in May 2014. Total annual rent expense for this facility for 2004, including base rent, operating expenses and taxes, will equal $1.7 million. This lease contains scheduled base rent increases over the term of the lease. We have two five-year renewal options under the lease that will allow us to continue to occupy this office space until May 2024. We also have an ongoing expansion option that allows us to lease additional space at such time as the additional space is available for lease, subject to specified notice and election provisions contained in the lease agreement. This facility accommodates our executive team and corporate departments, as well as consultants in each of our practices. We also occupy leased facilities for our five other core offices located in Boston, Houston, New York City, San Francisco and Washington, D.C., as well as smaller offices located in Charlotte and Los Angeles. We do not own any real property. We believe that our leased facilities are adequate to meet our current needs and that additional facilities are available for lease to meet future needs.

LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this prospectus, we are not a party to or threatened with any litigation or other legal proceeding that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

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Management

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the names and positions of our executive officers and board members, as well as our director nominees, and their ages as of May 31, 2004.

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

Name	Age	Position(s)
Gary E. Holdren	54	Chief Executive Officer, President and Director
George E. Massaro	56	Chief Operating Officer and Director
Gary L. Burge	50	Vice President, Chief Financial Officer and Treasurer
Daniel P. Broadhurst	45	Vice President and Assistant Secretary
Mary M. Sawall	48	Vice President, Human Resources
DuBose Ausley	67	Director Nominee
Deborah A. Bricker	51	Director Nominee
James D. Edwards	60	Director Nominee
John McCartney	51	Director Nominee

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

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

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

Bank Corporation, an independent mutual bank holding company in New England. He is a certified public accountant.

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

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

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

DuBose Ausley is a nominee to our board of directors and has consented to serve as a director. He is an employee of Ausley & McMullen, a law firm in Tallahassee, Florida, where he was Chairman for more than 25 years prior to June 2002. Mr. Ausley is also a director of Capital City Bank Group, Inc., a financial services holding company, Tampa Electric Co., Inc. and TECO Energy, Inc., public utilities operating in the State of Florida, Blue Cross and Blue Shield of Florida, Inc. and Sprint Corporation. He was also Chairman of the Capital City Bank Group, Inc. from 1982 to 2003.

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

Management

James D. Edwards is a nominee to our board of directors and has consented to serve as a director. He is the owner of JDE Enterprises Inc., a provider of consulting and independent contractor services. Mr. Edwards retired in 2002 as managing partner-global markets of Arthur Andersen LLP, a position he had held since 1998. Mr. Edwards began his career with Arthur Andersen LLP in 1964 and served in several positions after that time. Mr. Edwards is also a director of IMS Health Incorporated, a global provider of information solutions to the pharmaceutical and healthcare industries, and Transcend Services, Inc., a provider of medical transcription services to the healthcare industry.

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

Paul G. Yovovich, 50, is anticipated to be added to our board after consummation of the offering. He served as the Chief Executive Officer of Huron Consulting Group Inc. from our inception through April 2004. Mr. Yovovich has served as president of Lake Capital Management LLC since 1999. Previously, he held a variety of senior executive positions and was president of Advance Ross Corporation, an international financial services company, from 1993 to 1996. Mr. Yovovich serves on the boards of 3Com Corporation, a provider of voice and data networking products, services and solutions, and several private companies.

BOARD OF DIRECTORS

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

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

It is expected that Class I will be comprised of Mr. Yovovich and Mr. Massaro, Class II will be comprised of Ms. Bricker and Mr. Ausley and Class III will be comprised of Messrs. Edwards, Holdren and McCartney.

BOARD COMMITTEES

Prior to the consummation of this offering, we plan to establish an audit committee, a compensation committee and a nominating and corporate governance committee.

Audit committee

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

Compensation committee

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

Nominating and corporate governance committee

The nominating and corporate governance committee will be comprised of not fewer than three directors elected by a majority of the board. The nominating and corporate governance committee's responsibilities will include identifying and recommending to the board appropriate director nominee candidates and providing oversight with respect to corporate governance matters. Our nominating and corporate governance committee will comply with the independence requirements of the NASDAQ National Market. It is expected that the nominating and corporate governance committee will be comprised of Messrs. Edwards (Chairperson) and Ausley and Ms. Bricker.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

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

COMPENSATION OF DIRECTORS

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

COMPENSATION OF EXECUTIVE OFFICERS

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

Summary compensation table

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

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

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

(3) All other compensation details:

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

(4) Ms. Bettman resigned in February 2004.

Option grants in fiscal year 2003

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

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

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

Option values at December 31, 2003

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

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

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

EMPLOYMENT AGREEMENTS

Holdren senior management agreement

Huron Consulting Group LLC has entered into a senior management agreement with Mr. Holdren. The agreement, which was effective as of May 13, 2002, has an initial term of three years and automatically renews for additional one-year periods on an annual basis unless, at least 60 days prior to the expiration of the then-current term, we or Mr. Holdren provide notice that the agreement shall not renew. The agreement provides that Mr. Holdren will report to the chairman of our board of directors. Under the terms of the agreement, in 2004, Mr. Holdren's minimum annual base salary is $800,000 and his annual performance bonus target is $850,000. His compensation is subject to annual review. Mr. Holdren has received a minimum payment in an amount of $225,000 with respect to his annual bonus for the twelve months ended May 13, 2004 and will receive a minimum payment in an amount of $112,500 with respect to his annual bonus for the twelve months ending May 13, 2005, with such amounts being paid in four quarterly installments during the annual employment period to which they relate. The remaining amount of the annual bonus to be received by Mr. Holdren will be based on the achievement of performance goals set by our compensation committee. Mr. Holdren is also eligible for additional bonuses in the event that our annual earnings exceed targets set by the compensation committee, in amounts that the compensation committee determines to be appropriate.

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

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

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

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

Prior to the consummation of this offering, we intend to adopt amendments to Mr. Holdren's senior management agreement providing Mr. Holdren with certain change of control and increased severance benefits. In general, these amendments will provide that upon the termination of Mr. Holdren's employment, either by us without cause or by Mr. Holdren with good reason, all of his unvested equity awards will immediately become vested and exercisable and he will be entitled to a lump sum severance payment of two times the total of his then current base salary and target annual bonus. In the event of such a termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs and 24 months of benefit continuation. If Mr. Holdren's employment is terminated within the 24 months following a qualified change of control, either by us without cause or by Mr. Holdren with good reason, which includes not being the chief executive officer of the successor entity, all of his unvested equity awards will immediately become vested and exercisable and he will be entitled to severance pay of three times the total of his then current base salary and target annual bonus. In the event of such termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs, 36 months of benefit continuation, and, if necessary, an excise tax gross-up payment.

Massaro senior management agreement

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

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

Mr. Massaro's agreement provides that if his employment is terminated by us without cause or if he resigns for good reason (as such terms are defined in the agreement) he will be entitled to severance pay equal to six months' base salary, which amount is subject to offset for remuneration earned by

Mr. Massaro during the six-month period following such a termination. In order to receive such severance payments, Mr. Massaro must execute a general release in favor of us. Mr. Massaro or his estate is entitled to severance pay of three months base salary payable over the three-month period following his death or disability, along with continuation of medical benefits. Mr. Massaro has also agreed to certain restrictive covenants that will survive for one year following the termination of his employment pursuant to which, among other things, he will not solicit our clients or interfere with our relationships with our employees or customers.

Prior to the consummation of this offering, we intend to adopt amendments to Mr. Massaro's senior management agreement and to enter into a severance agreement with Mr. Massaro. Pursuant to the severance agreement, upon the termination of Mr. Massaro's employment, either by us without cause or by Mr. Massaro for good reason, all of his unvested equity awards will continue to vest for one year and he will be entitled to a lump sum severance payment equal to the total of one year of his then current base salary and his then current target annual bonus. In the event of such a termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs and 12 months of benefit continuation. Pursuant to the amendments to Mr. Massaro's senior management agreement, upon the termination of Mr. Massaro's employment within the 24 months following a qualified change of control either by us without cause or by Mr. Massaro due to a qualifying event, all of his unvested equity awards that were granted prior to such qualified change of control will immediately become vested and exercisable and he will be entitled to severance pay of two times the total of his then current base salary and target annual bonus. In the event of such a termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs and 24 months of benefit continuation. In certain situations, Mr. Massaro may be entitled to an excise tax gross-up payment, or his severance benefits may be reduced to limit his excise tax burden.

Broadhurst senior management agreement

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

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

Mr. Broadhurst's agreement provides that if his employment is terminated by us without cause or if he resigns for good reason (as such terms are defined in the agreement) he will be entitled to severance pay equal to six months' base salary, which amount is subject to offset for remuneration earned by

Mr. Broadhurst during the six-month period following such a termination. In order to receive such severance payments, Mr. Broadhurst must execute a general release in favor of us. Mr. Broadhurst or his estate is entitled to severance pay of three months' base salary payable over the three-month period following his death or disability, along with continuation of medical benefits. Mr. Broadhurst has also agreed to certain restrictive covenants that will survive for one year following the termination of his employment pursuant to which, among other things, he will not solicit our clients or interfere with our relationships with our employees or customers.

Prior to the consummation of this offering, we intend to adopt amendments to Mr. Broadhurst's senior management agreement and to enter into a severance agreement with Mr. Broadhurst. Pursuant to the severance agreement, upon the termination of Mr. Broadhurst's employment, either by us without cause or by Mr. Broadhurst for good reason, all of his unvested equity awards will continue to vest for one year and he will be entitled to severance pay equal to one year of his then current base salary paid over his 12 month severance period in accordance with our payroll practices. In the event of such a termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs and 12 months of benefit continuation. Pursuant to the amendments to Mr. Broadhurst's senior management agreement, if Mr. Broadhurst's employment is terminated within the 24 months following a qualified change of control, either by us without cause or by Mr. Broadhurst due to a qualifying event, all of his unvested equity awards that were granted prior to such qualified change of control will immediately become vested and exercisable and he will be entitled to severance pay equal to the total of one year of his then current base salary and his then current target annual bonus. In the event of such a termination, he will also be entitled to a pro-rata bonus for the year during which his termination occurs and 12 months of benefit continuation. In certain situations, these benefits may be reduced to limit Mr. Broadhurst's excise tax burden.

Bettman senior management agreement

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

Sawall senior management agreement

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

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

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

Prior to the consummation of this offering, we intend to adopt amendments to Ms. Sawall's senior management agreement and to enter into a severance agreement with Ms. Sawall. Pursuant to the severance agreement, upon the termination of Ms. Sawall's employment, either by us without cause or by Ms. Sawall for good reason, all of her unvested equity awards will continue to vest for one year and she will be entitled to severance pay equal to one year of her then current base salary paid over her 12 month severance period in accordance with our payroll practices. In the event of such a termination, she will also be entitled to a pro-rata bonus for the year during which her termination occurs and 12 months of benefit continuation. Pursuant to the amendments to Ms. Sawall's senior management agreement, if Ms. Sawall's employment is terminated within the 24 months following a qualified change of control, either by us without cause or by Ms. Sawall due to a qualifying event, all of her unvested equity awards that were granted prior to such qualified change of control will immediately become vested and exercisable and she will be entitled to severance pay equal to the total of one year of her then current base salary and her then current target annual bonus. In the event of such a termination, she will also be entitled to a pro-rata bonus for the year during which her termination occurs and 12 months of benefit continuation. In certain situations, these benefits may be reduced to limit Ms. Sawall's excise tax burden.

EQUITY INCENTIVE PLANS

Existing equity incentive plans

We have adopted three equity incentive plans (our 2003 Equity Incentive Plan, our 2002 Equity Incentive Plan and our Amended and Restated 2002 Equity Incentive Plan (California)). Our existing equity incentive plans provide for the grant of equity options, equity appreciation rights and equity awards to our officers, employees, third-party consultants and advisors. Following the consummation of this offering, we will issue future stock-based awards only under our 2004 Omnibus Stock Plan described below.

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

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

2004 Omnibus Stock Plan

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

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

The Omnibus Plan is intended to permit the grant of performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code, which generally limits the deduction that we may take for compensation of our five most senior executive officers. Under Section 162(m), certain compensation, including compensation based on the attainment of performance goals, will not be subject to this limitation if certain requirements are met. The vesting of awards that are intended to qualify as performance based compensation will be based upon business criteria as established by the compensation committee from time to time.

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

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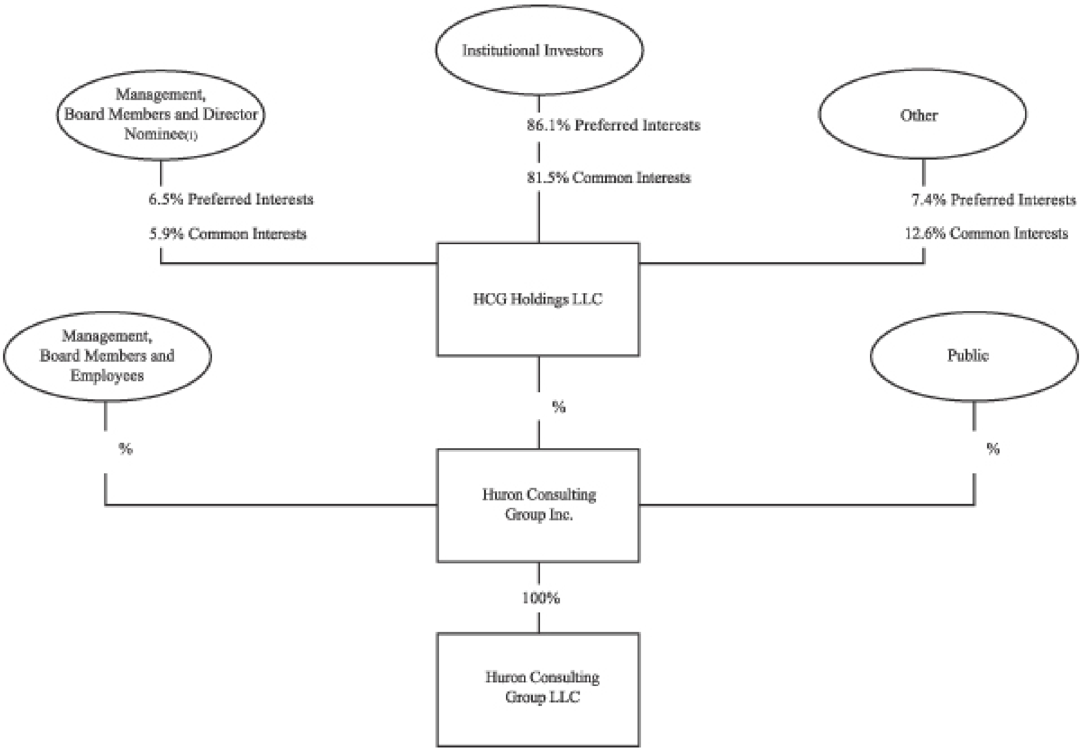
Certain relationships and related transactions

The following organizational chart sets forth the corporate structure and ownership of us and of HCG Holdings LLC after giving effect to this offering (without giving effect to the exercise of the underwriters' over-allotment option). Our post-offering ownership structure gives effect to the issuance by us of shares of restricted common stock to certain of our executive officers and employees on the date of this prospectus, but does not give effect to shares of common stock issuable upon the exercise of outstanding options, including shares issuable upon the exercise of options to be issued to our independent directors on the date of this prospectus.



(1) *The executive officers, board members and the director nominee included in this group are Messrs. Broadhurst, Burge, Holdren, Massaro and McCartney. These individuals collectively hold 2.1% of the common interests and 2.3% of the preferred interests in HCG Holdings LLC. The remaining 3.8% of the common interests and 4.2% of the preferred interests in HCG Holdings LLC held by this group reflects the interests held by certain of our other managing directors.*

HCG Holdings LLC

On April 23, 2002, Lake Capital Management LLC, Lake Huron Investors LLC, PPM America Private Equity Fund, L.P., or PPM LP, and Old Hickory Fund I, LLC, or Old Hickory, organized HCG Holdings LLC for the purpose of forming Huron Consulting Group Inc. with capital from these investors. Between April and June 2002, HCG Holdings LLC acquired an aggregate of 12,500 shares of our 8% preferred stock for an aggregate consideration of $12.5 million and an aggregate of approximately million shares of our common stock at a purchase price of $ per share for an aggregate consideration of approximately $0.3 million. The 8% preferred stock has a stated value of $1,000 and accrues dividends on a daily basis, compounded annually, at a rate of 8% of the stated value. During 2002, we also received proceeds of approximately $10.1 million from the issuance of 8% promissory notes to HCG Holdings LLC. Interest on the promissory notes, which is payable annually, accrues at a rate of 8% per year. The 8% promissory notes mature five years and six months from the date of issuance, subject to mandatory prepayment upon the occurrence of specified events, including the consummation of this offering.

HCG Holdings LLC currently owns approximately 94% of our outstanding common stock and all of our outstanding 8% preferred stock and 8% promissory notes. HCG Holdings LLC is controlled by Lake Capital Partners LP and Lake Capital Management LLC. The remaining equity interests in HCG Holdings LLC are held by PPM LP, Old Hickory and other institutional investors, some of our executive officers and other managing directors, each of our board members, a director nominee and approximately 30 other holders. The executive officers and members or nominee of our board holding interests in HCG Holdings LLC are Messrs. Broadhurst, Burge, Holdren, Massaro and McCartney, who hold 0.1%, 0.1%, 1.7%, 0.2% and 0.1%, respectively, of the common interests and 0.1%, 0.1%, 1.9%, 0.2% and 0.1%, respectively, of the preferred interests in HCG Holdings LLC. Mr. Yovovich, whom we expect to add to our board after the consummation of this offering, is president of Lake Capital Management LLC and also has equity interests in HCG Holdings LLC. Upon consummation of this offering, we will use approximately $ million of our estimated net proceeds to redeem our outstanding 8% preferred stock and approximately $ million to repay our outstanding 8% promissory notes. See “Use of Proceeds.” We expect that substantially all of the proceeds that HCG Holdings LLC receives in connection with its investment in us, including with respect to the proceeds it receives from the $1.25 million special dividend that we intend to pay prior to the consummation of this offering, the sale of the shares being offered by it in this offering, the redemption of the outstanding 8% preferred stock and the repayment by us of the 8% promissory notes, will be distributed by HCG Holdings in accordance with its organizational documents. Assuming that, on June 15, 2004, the special dividend was paid, this offering was consummated at a public offering price of $ per share, the mid-point of the range shown on the cover of this prospectus, we redeemed the 8% preferred stock and repaid the 8% promissory notes, and HCG Holdings LLC distributed all of the proceeds received by it in connection with the foregoing, Messrs. Broadhurst, Burge, Holdren, Massaro and McCartney would receive a payment of approximately $, $, $, $ and $, respectively.

Management agreement and services

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

From time to time, Huron Consulting Group LLC reimburses Lake Capital Management LLC for its out-of-pocket expenses in connection with its provision of requested management advice. Under this arrangement, we paid approximately $195,600 for the partial year ended December 31, 2002, approximately $97,000 for the year ended December 31, 2003 and $12,300 for the three months ended

March 31, 2004. Certain employees of Lake Capital Management LLC have served as officers and directors of Huron Consulting Group Inc. and Huron Consulting Group LLC until May 2004.

Advisory services agreement

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

Registration rights—Holdren

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

Registration rights—HCG Holdings LLC

Prior to the consummation of this offering, we and HCG Holdings LLC will enter into an agreement pursuant to which we will provide HCG Holdings LLC certain demand, piggyback and shelf registration rights with respect to the shares (shares if the underwriters' over-allotment option is exercised in full) of our common stock held by it immediately following the consummation of this offering. These shares are referred to as registrable securities. Pursuant to the demand registration rights, HCG Holdings LLC may require us to prepare and file a registration statement under the Securities Act of 1933, as amended, at our expense, covering all or a portion of the registrable securities if the shares to be included in that registration will generate anticipated aggregate net proceeds to us of at least $40.0 million. Under these demand registration rights, we are required to use our best efforts to cause the shares requested to be included in the registration statement, subject to customary conditions and limitations. We are not obligated to effect more than six demand registrations. Once we become eligible to file a registration statement on Form S-3, HCG Holdings LLC may require us to register all or a portion of the registrable securities on a registration statement on Form S-3, subject to specific conditions and limitations. We are not obligated to effect more than two of these shelf registrations on Form S-3 in any twelve-month period. Pursuant to the piggyback registration rights, HCG Holdings LLC also has the right to include the registrable securities in an unlimited number of other registrations of our common stock initiated by us or on behalf of other stockholders. HCG Holdings LLC will have priority over any stockholder granted registration rights after the date of this offering in any subsequent registration statement. The registration rights may be transferred by HCG Holdings LLC to any transferee, subject to some conditions.

Lake Capital Management LLC

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

Certain relationships and related transactions

Family relationships

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

Highline Technology LLC

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

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Principal and selling stockholders

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

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

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

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

	Beneficial ownership prior to offering			Beneficial ownership after offering	
Name of beneficial owner(1)	**Shares**	**%**	**Shares offered**	**Shares**	**%**
HCG Holdings LLC(2)		%			%
Terence M. Graunke(2)					
Paul G. Yovovich(2)					
Gary E. Holdren(3)					
George E. Massaro(4)					
Daniel P. Broadhurst(5)					
Suzanne S. Bettman(6)					
Mary M. Sawall(7)					
DuBose Ausley					
Deborah A. Bricker					
James D. Edwards					
John McCartney(8)					
All directors and executive officers as a group (persons)(9)					

* *indicates less than 1% ownership.*

(1) *The principal address of HCG Holdings LLC, Terence M. Graunke and Paul G. Yovovich is c/o Lake Capital Partners LP, 676 North Michigan Avenue, Suite 3900, Chicago, Illinois 60611. The principal address for each of the other stockholders listed below is c/o Huron Consulting Group Inc., 550 West Van Buren Street, Chicago, Illinois 60607.*

Principal and selling stockholders

(2) Lake Capital Partners LP and Lake Capital Management LLC are members of HCG Holdings LLC and collectively have investment and voting control over the shares of our common stock held by HCG Holdings LLC. Lake Capital Investment Partners LP is the sole general partner of Lake Capital Partners LP and Lake Partners LLC is the sole general partner of Lake Capital Investment Partners LP. Terence M. Graunke and Paul G. Yovovich are the members of Lake Partners LLC and have investment and voting control over, and may be deemed to be the beneficial owners of, the shares ultimately controlled by that entity. Mr. Graunke is also the controlling member of Lake Capital Management LLC and, pursuant to the Lake Capital Management LLC operating agreement, has investment and voting control over, and may be deemed to be the beneficial owner of, the shares controlled by that entity. Each of Mr. Graunke and Mr. Yovovich disclaims beneficial ownership of the shares of common stock owned by HCG Holdings LLC.

(3) Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004. Also includes shares of restricted common stock to be granted on the date of this prospectus. Includes shares held in trust for Mr. Holdren's wife and children as to which he disclaims beneficial ownership. Does not include any shares in respect of Mr. Holdren's ownership of 1.7% of the outstanding common interests in HCG Holdings LLC.

(4) Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Also includes shares of restricted common stock to be granted on the date of this prospectus. Does not include any shares in respect of Mr. Massaro's ownership of 0.2% of the outstanding common interests in HCG Holdings LLC.

(5) Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Also includes shares of restricted common stock to be granted on the date of this prospectus. Does not include any shares in respect of Mr. Broadhurst's ownership of 0.1% of the outstanding common interests in HCG Holdings LLC.

(6) Does not include any shares in respect of Ms. Bettman's ownership of 0.04% of the outstanding common interests in HCG Holdings LLC.

(7) Includes shares issuable upon exercise of options that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Also includes shares of restricted common stock to be granted on the date of this prospectus.

(8) Mr. McCartney owns 0.1% of the outstanding common interests in HCG Holdings LLC.

(9) Includes an aggregate of shares issuable upon exercise of options held by members of the group that are exercisable currently or within 60 days of , 2004, including shares issuable upon exercise of options that will vest in full in connection with the consummation of this offering pursuant to their terms. Also includes shares of restricted common stock to be granted on the date of this prospectus. Does not include any shares in respect of the 2.2% of the outstanding common interests collectively held by members of the group.

Description of capital stock

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

As of June 15, 2004, there were five holders of our Class A common stock and 53 holders of our Class B common stock. The Class A common stock and Class B common stock are identical in all respects, except that the Class B common stock does not have any voting rights. Pursuant to the terms of our certificate of incorporation, immediately prior to the consummation of this offering, each share of our Class A common stock will convert into one share of our common stock, each share of our Class B common stock will automatically convert into one share of our common stock, and the Class A common stock and Class B common stock will cease to exist as separate classes of stock.

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

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

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

COMMON STOCK

Voting

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

Dividends

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

Liquidation rights

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

Other matters

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

8% PREFERRED STOCK

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

Dividends

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

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

Liquidation preference

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

Redemption at our option

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

PREFERRED STOCK

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

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

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

Classified board of directors

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

Number of directors; removal for cause; filling vacancies

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

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

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

Special meetings of stockholders

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

Stockholder action by written consent

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

Stockholder proposals

At an annual meeting of stockholders, only business that is properly brought before the meeting will be conducted or considered. To be properly brought before an annual meeting of stockholders, business must be specified in the notice of the meeting (or any supplement to that notice), brought before the meeting by or at the direction of the board (or any duly authorized committee of the board) or properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must:

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

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

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

- a brief description of the business desired to be brought before the annual meeting and the reasons for conducting the business at the annual meeting;
- the name and address, as they appear on our books, of the stockholder proposing such business;
- the class or series and number of our shares which are owned beneficially or of record by the stockholder proposing the business;
- a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in the business; and
- a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the business before the meeting.

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

Nomination of candidates for election to our board

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

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

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

- in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the last annual meeting of our stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 25 days before or after the anniversary date of the last annual meeting, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the day on which notice of the date of the annual meeting was first given to stockholders; and
- in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the 10th day following the day on which notice of the date of such meeting was first given to stockholders.

To be in proper written form, a stockholder's notice to the secretary must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected and must set forth:

- as to each person whom the stockholder proposes to nominate for election as a director:
  - the name, age, business address and residence address of the person;
  - the principal occupation or employment of the person;
  - the class or series and number of shares of our capital stock that are owned beneficially or of record by the person; and
  - any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations promulgated thereunder; and
- as to the stockholder giving the notice:
  - the name and record address of such stockholder;
  - the class or series and number of shares of our capital stock that are owned beneficially or of record by such stockholder;
  - a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder;
  - a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and
  - any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

Amendment of certificate of incorporation and bylaws

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is required to amend or repeal a corporation's certificate of incorporation or bylaws, unless the certificate of incorporation requires a greater percentage. Our certificate of incorporation generally requires the approval of not less than two-thirds of the voting power of all of the shares of our capital stock entitled to vote, voting together as a single class, to amend any provisions of our certificate of incorporation described in this section. Our certificate of incorporation and bylaws provide that the holders of at least two-thirds of the voting power of all of the shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, have the power to amend or repeal our bylaws. In addition, our certificate of incorporation grants our board of directors the authority to amend and repeal our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of Delaware or our certificate of incorporation.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

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

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

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

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

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

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is   .

LISTING

We have applied for the quotation of our common stock on the Nasdaq National Market under the symbol “HURN.”

Shares eligible for future sale

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

Upon completion of this offering, we will have an aggregate of outstanding shares of common stock, including the shares of restricted common stock to be granted to certain of our executive officers and employees on the date of this prospectus. As of , 2004, we had outstanding stock options held by executive officers, employees, third-party consultants and board members for the purchase of an aggregate of shares of common stock.

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

LOCK-UP AGREEMENTS

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

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

ELIGIBILITY OF RESTRICTED SHARES FOR SALE IN THE PUBLIC MARKET

Rule 144

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

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

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

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

Rule 144(k)

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

Rule 701

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

EQUITY COMPENSATION

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

REGISTRATION RIGHTS

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

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

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

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

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

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

DIVIDENDS

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

We generally will not be required to withhold U.S. federal income tax from dividends that are effectively connected with your conduct of a trade or business within the United States, so long as you provide us with appropriate documentation (typically, a properly executed IRS Form W-8ECI, stating that the dividends are so effectively connected). Instead, such dividends will be subject to U.S. federal income tax on a net income basis, generally in the same manner as if you were a resident of the United States. If you are a foreign corporation, your effectively-connected dividends may also be subject to an additional "branch profits tax," which is imposed under certain circumstances at a rate of 30% (or such lower rate as may be specified by an applicable treaty), subject to certain adjustments and exceptions.

GAIN ON SALE OR DISPOSITION OF COMMON STOCK

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on a sale or other disposition of our common stock. However, you will be taxed on such gain if (1) the gain is effectively connected with a trade or business that you conduct in the United States (in the event that certain tax treaty provisions apply, the gain must also be attributable to a permanent establishment in the United States (or, in the case of an individual, a fixed place of business) in order to be subject to tax), (2) you are a non-resident alien individual, you are present in the United States for 183 or more days in the taxable year of the sale or disposition and certain other conditions are met, or (3) our stock is treated as a United States real property interest in your hands, within the meaning of Section 897(c) of the Code.

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

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

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

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

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

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

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

FEDERAL ESTATE TAX

An individual Non-U.S. Holder who at the time of his death is treated as the owner of an interest in our common stock will be required to include the value thereof in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise. Legislation enacted in the spring of 2001 provides for reductions in the U.S. federal estate tax through 2009 and the elimination of the estate tax entirely in 2010. Under this legislation, the U.S. federal estate tax would be fully reinstated, as in effect prior to the reductions, in 2011.

Underwriting

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

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

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

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

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

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

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

OVER-ALLOTMENT OPTION

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

COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the public offering price. If all the shares are not sold at the public offering price, the representatives may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein, and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms. The underwriters have informed us that they do not expect discretionary sales to exceed 5% of the shares of common stock to be offered.

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

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

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

NO SALES OF SIMILAR SECURITIES

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

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

We have applied for the quotation of our common stock on the NASDAQ National Market under the symbol "HURN."

PRICE STABILIZATION, SHORT POSITIONS

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

- stabilizing transactions;
- short sales;

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

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

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

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

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

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

DETERMINATION OF OFFERING PRICE

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

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

DIRECTED SHARE PROGRAM

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

AFFILIATIONS

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

SELLING RESTRICTIONS

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

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

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

Legal matters

The validity of the shares of our common stock offered by this prospectus will be passed upon for us and the selling stockholder by Skadden, Arps, Slate, Meagher & Flom LLP, Chicago, Illinois, and for the underwriters by Katten Muchin Zavis Rosenman, Chicago, Illinois. An investment partnership consisting of current and former partners of, and persons associated with, Skadden, Arps, Slate, Meagher & Flom LLP beneficially owns less than 1% of our common stock through an investment in Lake Capital Partners LP, a member of HCG Holdings LLC, which is the selling stockholder in this offering. From time to time, Katten Muchin Zavis Rosenman acts as our counsel on various matters unrelated to this offering.

Experts

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

Where you can find additional information

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

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

Index to financial statements

Report of Independent Registered Public Accounting Firm

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

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

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
March 25, 2004

Huron Consulting Group Inc.

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2003	March 31, 2004 (unaudited)	Pro Forma March 31, 2004 (note 2) (unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 4,448,806	$ 4,251,097	$ 70,236	$ —
Receivables from clients	6,440,626	16,151,667	16,500,611	16,500,611
Unbilled services	6,505,714	8,704,057	17,575,104	17,575,104
Allowance for doubtful accounts and unbilled services	(381,753)	(1,791,720)	(2,570,706)	(2,570,706)
Net receivables from clients and unbilled services	12,564,587	23,064,004	31,505,009	31,505,009
Income tax receivable	—	2,286,015	485,011	485,011
Deferred income taxes	283,754	1,945,932	2,303,630	2,303,630
Other current assets	387,542	836,868	1,226,022	1,226,022
Total current assets	17,684,689	32,383,916	35,589,908	35,519,672
Property and equipment, net	1,898,954	4,498,251	4,427,513	4,427,513
Other assets:				
Deferred income taxes	2,426,570	2,332,543	2,158,650	2,158,650
Intangibles, net of accumulated amortization of $2,635,172, $6,384,415 and $0, at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	3,689,243	—	—	—
Deposits	883,203	674,000	366,000	366,000
Total other assets	6,999,016	3,006,543	2,524,650	2,524,650
Total assets	$ 26,582,659	$ 39,888,710	$ 42,542,071	$ 42,471,835
Liabilities and stockholders’ deficit				
Current liabilities:				
Accounts payable	$ 221,759	$ 1,396,265	$ 1,249,585	$ 1,249,585
Accrued expenses	1,334,796	3,821,527	3,196,147	3,196,147
Accrued payroll and related benefits	4,625,401	13,914,391	12,388,137	12,388,137
Borrowings under line of credit	—	—	1,500,000	2,679,764
Deferred revenue	1,379,741	2,272,886	3,983,380	3,983,380
Interest payable to HCG Holdings LLC	342,741	819,624	199,418	199,418
Total current liabilities	7,904,438	22,224,693	22,516,667	23,696,431
Commitments and contingencies				
Notes payable to HCG Holdings LLC	10,075,764	10,075,764	10,075,764	10,075,764
8% preferred stock, $1,000 per share stated value plus accrued 8% annual cumulative dividends; 106,840 shares authorized; 12,500 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited)	13,145,735	14,212,000	14,485,281	14,485,281
Stockholders’ deficit:				
Class A common stock; $0.01 par value; 31,025,715 shares authorized; 25,946,858 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	259,469	259,469	259,469	—
Class B common stock; $0.01 par value; 4,578,857 shares authorized; 1,200,000, 1,569,375 and 1,601,875 shares issued and outstanding at December 31, 2002 and 2003 and March 31, 2004 (unaudited), respectively	12,000	15,694	16,019	—
Common stock; $0.01 par value 27,548,733 shares outstanding at March 31, 2004 (pro forma – unaudited)	—	—	—	275,488
Additional paid-in capital	—	41,519	55,603	—
Stock subscription receivable	(3,000)	—	—	—
Retained deficit	(4,811,747)	(6,940,429)	(4,866,732)	(6,061,129)
Total stockholders’ deficit	(4,543,278)	(6,623,747)	(4,535,641)	(5,785,641)
Total liabilities and stockholders’ deficit	$ 26,582,659	$ 39,888,710	$ 42,542,071	$ 42,471,835

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

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

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

Huron Consulting Group Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

Notes to consolidated financial statements

1. Description of business

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

2. Summary of significant accounting policies

Basis of presentation

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

Principles of consolidation

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

Interim financial information

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

Unaudited pro forma consolidated balance sheet

The unaudited pro forma consolidated balance sheet as of March 31, 2004 reflects the conversion of all of the outstanding shares of Class A common stock and Class B common stock into shares of common stock, pursuant to the terms of our certificate of incorporation, which will occur immediately prior to the consummation of the Company's proposed initial public offering, and the payment of a special dividend on each outstanding share of the common stock and preferred stock on an as converted basis in an aggregate amount of $1.25 million, which was declared on May 12, 2004, and will be paid prior to the consummation of this offering.

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

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

Notes to consolidated financial statements

preferred stock associated with the redemption of the Company's outstanding 8% preferred stock. The notes payable to HCG Holdings LLC will be repaid and the 8% preferred stock will be redeemed by the Company with a portion of the net proceeds from the initial public offering. The pro forma weighted average shares outstanding represents (i) an increase of and weighted average shares as of December 31, 2003 and March 31, 2004, respectively, related to shares that would have been issued to repay the notes payable to HCG Holdings LLC, to redeem the 8% preferred stock (including the liquidation participation amount) and to pay the $1.25 million special dividend (as discussed above) and (ii) an increase of weighted average shares as of March 31, 2004 in order to repay the borrowings under the Company's credit agreement at March 31, 2004, as if these transactions occurred at the beginning of each period. The pro forma weighted average shares outstanding also include the issuance of shares of restricted common stock as of December 31, 2003 and March 31, 2004 as if this transaction also occurred at the beginning of each period.

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

Use of estimates

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

Revenue recognition

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

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

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled services or deferred revenue in the accompanying consolidated balance sheets. Revenues recognized for services performed but not yet billed to clients have been recorded as unbilled services. Client prepayments and retainers are classified as deferred (i.e., unearned) revenue and recognized over future periods as earned in accordance with the applicable engagement agreement.

Allowance for doubtful accounts and unbilled services

The Company maintains an allowance for doubtful accounts and for services performed but not yet billed for estimated losses based on several factors, including the historical percentages of fee adjustments and write-offs by practice group, an assessment of a client's ability to make required payments and the estimated cash realization from amounts due from clients. The allowance is assessed by management on a quarterly basis.

The provision for doubtful accounts and unbilled services is recorded as a reduction in revenue to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. To the extent the provision relates to a client's inability to make required payments, the provision is recorded in operating expenses.

Direct costs and reimbursable expenses

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

Cash and cash equivalents

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

Earnings per share

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

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

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

Concentrations of credit risk

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

Fair value of financial instruments

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

Property and equipment

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

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

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

Long-lived assets

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

Intangible assets

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

Advertising costs

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

Income taxes

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

Comprehensive income

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

Stock-based compensation

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

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

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

Segment reporting

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

New accounting pronouncements

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

In November 2002, the FASB reached a consensus on Emerging Issues Task Force ("EITF") Issue No. 00-21. EITF Issue No. 00-21 provides guidance on how to account for revenue arrangements that include multiple products or services to ensure that all standalone deliverables are tracked, valued and accounted for on an individual basis and in the proper periods. The guidance in EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The Company has contracts with clients to deliver multiple services that are covered under both individual and separate engagement letters. Such arrangements allow for the Company's services to be valued and accounted for on a separate basis. Therefore, the adoption of EITF Issue No. 00-21 did not have any impact on the Company's consolidated financial position or results of operations.

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

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

3. Intangible assets

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

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

4. Employee benefit plan

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

5. Related party transactions

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

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

6. Income taxes

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

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

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

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

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

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

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

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

7. Notes payable to HCG Holdings LLC

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

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

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

8. Line of credit and guarantee

Huron LLC had a committed borrowing facility amounting to the lesser of $5.0 million or 75% of eligible accounts receivable that was unused as of December 31, 2003, the term expiring on January 31, 2004. Before expiring, the borrowing facility was amended to extend the term to February 10, 2005 and increase the total availability to the lesser of $15.0 million or the sum of (a) 75% of eligible accounts receivable and (b) the lesser of 30% of unbilled services and $3.0 million. As of March 31, 2004, borrowings under the credit agreement were $1.5 million. Borrowings under the credit agreement bear interest at either the prime rate or LIBOR, rounded up to the nearest whole percentage, plus 2.75%. Borrowings are secured by substantially all of Huron LLC's assets. At December 31, 2003, Huron LLC was in compliance with or obtained waivers for its debt covenants.

Guarantees in the form of letters of credit of $1.0 million and $1.5 million were outstanding at December 31, 2003 and March 31, 2004, respectively, to support certain office lease obligations.

9. Capital structure

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

8% preferred stock

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

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

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

Preferred stock

The Company is expressly authorized to provide for the issuance of all or any of the 200,000 authorized Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers and such distinctive designations or other special rights and restrictions as shall be stated and expressed in the resolutions adopted by the Company's Board of Directors. As of December 31, 2002 and 2003, no such Preferred Stock have been approved or issued.

Common stock

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

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

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

10. Equity incentive plan

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

The equity option activity under the Plans is as follows:

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

During the fifteen-month period ended March 31, 2004, the Company granted options with exercise prices as follows:

Grants Made During Quarter Ended	Number of Options Granted	Weighted-Average Exercise Price Per Share	Weighted-Average Fair Value Per Share	Intrinsic Value Per Share
March 31, 2003	147,500	$0.03	$0.37	$0.34
June 30, 2003	1,376,000	0.23	0.37	0.14
September 30, 2003	152,500	0.37	0.37	—
December 31, 2003	475,000	0.37	0.89	0.52
March 31, 2004 (unaudited)	973,500	0.85	0.89	0.04

The intrinsic value per share is being recorded as compensation expense over the applicable vesting period. Given the lack of a public market for the Company's common stock, the Company established an estimated fair value of the common stock as well as the exercise price for the options to purchase this stock. Contemporaneously with each option issuance, the Company estimated the fair value of the common stock by obtaining valuations from nationally recognized unrelated third-party valuation specialists and evaluating the results of business activities and projections of future results of operations.

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

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

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

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

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

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

11. Commitments and contingencies

Litigation

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

Lease commitments

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

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

12. Segment information

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

Notes to consolidated financial statements

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

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

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

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

Notes to consolidated financial statements

13. Valuation and qualifying accounts

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

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

* Deductions include write-offs of accounts receivable, fee adjustments related to estimated overruns on fixed and capped fee engagements and other discretionary pricing adjustments.

14. Subsequent events (unaudited)

Restructuring charge

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

Dividend

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

Line of Credit

At March 31, 2004, Huron LLC was in compliance with or obtained waivers for its debt covenants.

Part II

Information not required in prospectus

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

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

SEC registration fee	$ 14,571
NASD Filing fee	12,000
NASDAQ National Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Premium for directors and officers insurance	*
Miscellaneous fees and expenses	*
Total	$ *

* *To be completed by amendment.*

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

Section 145 of the DGCL empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person s conduct was unlawful. A Delaware corporation may indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of a corporation under the same conditions against expenses (including attorneys’ fees) actually and reasonably incurred by the person in connection with the defense and settlement of such action or suit, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a present or former director or officer of the corporation is successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys' fees) which he or she actually and reasonably incurred in connection therewith.

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

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

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

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

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

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

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

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

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

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

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

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

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

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

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Exhibit number	Description of exhibit
10.19	Loan and Security Agreement, dated January 31, 2003, between Huron Consulting Group LLC and LaSalle Bank, N.A., including amendments thereto, dated as of January 28, 2004, February 11, 2004 and May 7, 2004.
21.1	List of Subsidiaries of Huron Consulting Group Inc.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1).
24.1**	Power of Attorney (included on signature page).
99.1**	Consent of Director Nominee (Deborah A. Bricker)
99.2**	Consent of Director Nominee (James D. Edwards)
99.3**	Consent of Director Nominee (John McCartney)
99.4	Consent of Director Nominee (DuBose Ausley)

* *To be filed by amendment.*
** *Previously filed.*

b) Financial Statement Schedules

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

ITEM 17. UNDERTAKINGS.

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

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

The undersigned Registrant hereby undertakes that:

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

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

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on June 21, 2004.

HURON CONSULTING GROUP INC.

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

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities indicated below on June 21, 2004.

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

*By:	/s/ Gary L. Burge Gary L. Burge, as attorney-in-fact

Exhibit index

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Exhibit number	Description of exhibit
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24.1**	Power of Attorney (included on signature page).
99.1**	Consent of Director Nominee (Deborah A. Bricker)
99.2**	Consent of Director Nominee (James D. Edwards)
99.3**	Consent of Director Nominee (John McCartney)
99.4	Consent of Director Nominee (DuBose Ausley)

*   *To be filed by amendment.*
**   *Previously filed.*

Exhibit 10.2

SENIOR MANAGEMENT AGREEMENT

BY AND BETWEEN

HURON CONSULTING GROUP LLC,

AND

GARY E. HOLDREN

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SENIOR MANAGEMENT AGREEMENT

SENIOR MANAGEMENT AGREEMENT (the **"Agreement"**), effective as of May 13, 2002 (the **"Effective Date"**), by and between Huron Consulting Group LLC, a Delaware limited liability company (the "Company") and Gary E. Holdren (the **"Executive"**).

PRELIMINARY RECITALS

A. WHEREAS, the Company is engaged in the business of providing diversified business consulting services (the **"Business"**). For purposes of this Agreement, the term the **"Company"** shall include the Company, its subsidiaries and assignees and any successors in interest of the Company and its subsidiaries; and

B. WHEREAS, the Company desires to employ Executive as of the Effective Date, and Executive desires 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. Employment.

1.1. Title and Duties. The Company agrees to employ Executive, and Executive agrees to accept employment with the Company, as its Chief Executive Officer and President, for the Employment Period, in accordance with the terms and conditions of this Agreement. During the Employment Period, Executive shall (i) have such responsibilities, duties and authorities as are customarily assigned to such positions and shall render such services or act in such capacity for the Company and its affiliates as the Chairman (the **"Chairman"**) of the Board of Directors (the **"Parent Board"**) of Huron Consulting Group, Inc. (the **"Parent"**) shall from time to time direct, and (ii) shall report to the Chairman. Executive shall perform the duties and carry out the responsibilities assigned to him, to the best of his ability, in a trustworthy and businesslike manner for the purpose of advancing the business of the Company. Executive shall engage in travel as reasonably required in the performance of Executive's duties.

1.2. Outside Activity. During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive shall devote substantially all of his business time and attention to the business and affairs of the Company. It shall not be a violation of this Agreement for Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach occasional courses or seminars at educational institutions, or (iii) manage personal investments, so long as such activities under clauses (i), (ii) and (iii) do not interfere, in any substantial respect, with Executive's responsibilities hereunder.

1.3. <u>Employment Period</u>. The employment of Executive under this Agreement shall begin on the Effective Date and shall continue through the third (3rd) anniversary of the Effective Date (the **"Initial Period"**). Commencing on the third (3rd) anniversary of the Effective Date and on each anniversary thereafter (each a **"Renewal Date"**), the employment of Executive under this Agreement shall automatically renew and extend for an additional year, unless one of the parties shall deliver to the other sixty (60) days' advance written notice of the cessation of such automatic renewal (**"Nonrenewal Notice"**) at least sixty (60) days' prior to such Renewal Date. **"Employment Period"** shall mean the Initial Period and any automatic extensions of Executive's employment under this Agreement. Notwithstanding anything to the contrary contained herein, the Employment Period is subject to termination pursuant to **Section 1.4, 1.5** or **1.6**.

1.4. <u>Termination Upon Death</u>. If Executive dies during the Employment Period, Executive's employment shall automatically terminate on the date of Executive's death.

1.5. <u>Termination by the Company</u>.

(a) The Company may terminate Executive's employment hereunder upon written notice to Executive (i) due to the Permanent Disability of Executive, (ii) Cause, or (iii) without Cause for any or no reason. Such termination shall be effective upon the date of service of such notice pursuant to **Section 11.6**.

(b) <u>Definition of Cause</u>.

(i) For purpose of this Agreement, **"Cause"** means the occurrence of any of the following events:

(1) Executive's conviction of any felony or of a misdemeanor involving fraud, dishonesty, or moral turpitude;

(2) Executive's material breach, material non-performance or material non-observance of any of the terms of the Agreement or any other written agreement to which Executive and the Company are parties, if such breach, non-performance or non-observance shall continue beyond a period of twenty (20) days immediately after written notice thereof by the Company to Executive or if such breach, non-performance or non-observance results in financial detriment to the Company or a detrimental effect on the Company's business or reputation;

(3) Executive's misconduct that results in material financial detriment to the Company or a material detrimental effect on the Company's business or reputation; or

(4) any breach, non-performance or non-observance of **Sections 8.2, 8.3, 8.4** or **8.5**, of this Agreement;

(ii) Cause shall be determined by the affirmative vote of at least 75% of the members of the Parent Board (excluding the Executive, if a Board member, and excluding any member of the Parent Board involved in events leading to the Parent Board's consideration of terminating Executive for Cause). Executive shall be given twenty (20) days written notice of the Parent Board meeting at which Cause shall be decided (which notice shall be deemed to be notice of the existence of Cause if Cause is found to exist by the Parent Board), and shall be given an opportunity prior to the vote on Cause to appear before the Parent Board, with or without counsel, at Executive's election, to present arguments on his own behalf. The notice to Executive of the Parent Board meeting shall include a description of the specific reasons for such consideration of Cause. The pendency of the notice period described herein shall not prevent or delay the Company's ability to enforce the restrictive covenants contained herein.

(c) Executive shall be deemed to have a **"Permanent Disability"** for purposes of this Agreement if Executive has any medically determinable physical or mental impairment that has lasted for a period of not less than six (6) months in any 12 month period and that renders Executive unable to perform the duties required under the Agreement. Such determination shall be made by written certification ("Certificate") of Executive's Permanent Disability by a physician jointly selected by the Company and the Executive; provided that if the Company and Executive cannot reach agreement on the physician, the Certification shall be by a panel of physicians consisting of one physician selected by the Company, one physician selected by the Executive and a third physician jointly selected by those two physicians.

1.6. Resignation by Executive.

(a) Executive shall give sixty (60) days written notice to the Company prior to the effectiveness of any resignation of his employment with the Company.

(b) Executive's resignation shall be a resignation for **"Good Reason"** if: (1) an event or condition occurs which constitutes any of **(c)(i)** through **(v)** below; (2) Executive provides the Company with written notice pursuant to **Section 11.6** that he intends to resign for Good Reason and such written notice includes (A) a designation of at least one of **(c)(i)** through **(v)** below (the **"Designated Section"**) and (B) specifically describes the events or conditions Executive is relying upon to satisfy the requirements of the Designated Section(s); (3) as of the twentieth (20th) day following the Company's receipt of such written notice from Executive, such events or conditions have not been corrected in all material respects; and (4) Executive's resignation is effective within sixty (60) days of the date Executive first has actual knowledge of the occurrence of the first event or condition upon which Executive relies upon to satisfy any of the Designated Section(s).

(c) **"Good Reason"** shall mean the occurrence of any of the following without the express written consent of Executive:

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

(ii) any material adverse change in the status, position, responsibilities or Base Salary (as defined below) of Executive, including, but not limited to a change in Executive's reporting relationship so that he no longer reports to the Chairman (it being understood that neither the hiring by the Company of other senior executive officers nor the fact that any of such senior executive officers report to the Chairman shall constitute Good Reason);

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

(iv) the failure of the Company to assign this Agreement to a successor to the Company or failure of a successor to the Company to explicitly assume and agree to be bound by this Agreement; or

(v) requiring Executive to be principally based at any office or location more than forty (40) miles from the current offices of the Company in Chicago, Illinois.

2. Compensation.

2.1. Base Salary. As consideration for the services of Executive hereunder, during the Employment Period, the Company shall pay Executive an annual base salary of seven hundred fifty thousand dollars ($750,000) (the **"Base Salary"**), payable in accordance with the Company's customary payroll practices as in effect from time to time. The Chairman shall perform an annual review of Executive's compensation based on Executive's performance of his duties and the Company's other compensation policies, provided that Executive's Base Salary, as increased from time to time, shall not be reduced without Executive's written consent. The term Base Salary shall include any changes to the Base Salary from time to time.

2.2. Bonus Programs.

(a) Annual Bonus.

(i) During the Employment Period, Executive shall be eligible for an annual bonus in an amount determined by the Chairman based on Executive's performance of his duties and the Company's other compensation policies (the **"Annual Bonus"**). The target for Executive's Annual Bonus shall be four hundred fifty thousand dollars ($450,000) (the **"Target Amount"**) per year. The 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 last day of the performance period to which the bonus relates.

(ii) For the twelve (12) month period commencing on the Effective Date, Executive shall be entitled to an Annual Bonus not less than one hundred percent (100%) of the Target Amount, which shall be paid in four equal quarterly installments with one installment paid on or about each of July 31, 2002, October 31, 2002, January 31, 2003 and April 30, 2003.

(iii) For the twelve (12) month period commencing on the first anniversary of the Effective Date, Executive shall be entitled to an Annual Bonus not less than fifty percent (50%) of the Target Amount, which shall be paid in four equal quarterly installments with one installment paid on or about each of July 31, 2003, October 31, 2003, January 31, 2004 and April 30, 2004.

(iv) For the twelve (12) month period commencing on the second anniversary of the Effective Date (the **"Third Year"**), Executive shall be entitled to an Annual Bonus not less than twenty-five percent (25%) of the Target Amount, which shall be paid in four equal quarterly installments with one installment on or about each of July 31, 2004, October 31, 2004, January 31, 2005 and April 30, 2005. For the Third Year, the amount of the Annual Bonus payable in excess of the minimum specified in this **subsection (iv)** shall be based upon Executive's achievement of certain performance goals, with such performance goals to be set and approved by the Parent Board no later than the ninetieth (90th) day of the Third Year.

(v) For each performance period commencing on or after the third anniversary of the Effective Date, the amount of the Annual Bonus target will be established by Chairman as set forth above and shall be payable based upon Executive's achieving certain performance goals, with such performance goals, each to be set and approved by the Parent Board no later than the ninetieth (90th) day of the performance period to which such Annual Bonus relates.

(b) Performance Bonus. For each calendar year in which the Parent's EBITDA margin is greater than twenty-five percent (25%) as determined by the Parent Board with reference to the Parent's audited consolidated financial statements, Executive shall be eligible for a special performance bonus (the **"Performance Bonus"**) in addition to the Annual Bonus, which would be in an amount determined by the Chairman with approval by the Parent Board, provided that Executive is employed by the Company as of the last day of the performance period to which such Performance Bonus relates.

2.3. Equity Awards. The Chairman and Executive shall discuss periodic grants of Parent equity to Executive upon the achievement of certain defined corporate milestones, with such grants subject to the approval of the Parent Board.

3. Purchase of Common Interests. Subject to the terms of that certain restricted shares award agreement between Executive and the Parent (the **"Restricted Shares Award Agreement"**) and, except to the extent otherwise provided in the Restricted Shares Award Agreement, subject to the terms of the Huron Consulting Group Inc. 2002 Equity Incentive Plan (the **"Equity Plan"**), no later than December 31, 2002, Executive shall purchase, and the Parent shall sell to Executive, nine hundred thousand (900,000) shares of the Parent's Class B nonvoting common stock, par value $.01 per share (the **"Shares"**). The vesting and forfeiture provisions applicable to the Shares are set forth in the Restricted Shares Award Agreement and, except to the extent otherwise provided in the Restricted Shares Award Agreement, in the Equity Plan. As a condition to receipt of the Shares, Executive shall complete and execute such documents relating to the purchase of the Shares as the Parent or Company may require. In consideration for the Shares, Executive will deliver to the Company on the date of purchase cash in the amount of one cent ($.01) per Share (the **"Original Cost"**).

4. Representations and Covenants of Executive. Executive hereby represents and warrants to the Company that:

(a) The Shares are being acquired by Executive for investment and solely for his own beneficial account and not with a view to, or any present intention of, directly or indirectly selling, transferring, offering to sell or transfer, participating in any distribution or otherwise disposing of all or a portion of such Shares.

(b) Executive acknowledges that the Shares have not been registered under the Securities Act of 1933, as amended (the **"1933 Act"**), or any other applicable securities laws (together with the 1933 Act, **"Securities Laws"**), and that the Company has no intention and shall not have any obligation to register or to obtain an exemption from registration for the Shares or to take action so as to permit sales pursuant to the 1933 Act (including, without limitation, Rules 144 and 144A thereunder). Executive will not dispose of the Shares in contravention of the Securities Laws or the terms of the Equity Plan.

(c) Executive is a key employee of the Company, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the investment in the Shares.

(d) Executive acknowledges that owning Shares involves various risks, including the restrictions on transferability set forth in this Agreement, the Equity Plan and the Restricted Shares Award Agreement, lack of any public market for such Shares, the risk of owning his Shares for an indefinite period of time and the risk of losing his entire investment in the Parent.

(e) Executive is familiar with the business, financial condition, properties, operations and prospects of the Company and the Parent and he has asked such questions and conducted such due diligence concerning such matters and concerning acquisition of Shares as he has desired to ask and conduct, and all such questions have been answered to his full satisfaction.

(f) This Agreement constitutes the legal, valid and binding obligation of Executive enforceable in accordance with its terms, and the execution, delivery and performance of this Agreement by Executive and all other agreements contemplated hereby to which he is a party, and the fulfillment and compliance with the respective terms hereof and thereof, do not and shall not conflict with, violate or cause a breach of the terms, conditions or provisions of, or require the consent of any other person under, any agreement, non-compete provision, contract or instrument to which Executive is a party or any judgment, order, decree or other obligation to which Executive is subject.

5. Vesting and Forfeiture. The Shares shall vest, be subject to forfeiture and repurchase at the option of the Company and be subject to sale by the Executive to the Company, as set forth in the Restricted Shares Award Agreement and, except to the extent otherwise provided in the Restricted Shares Award Agreement, in the Equity Plan.

6. Benefits and Expenses.

6.1. During the Employment Period, Executive shall be eligible to participate in the various health and welfare benefit plans maintained by the Company for its key management employees from time to time.

6.2. During the Employment Period, the Company shall provide Executive with twenty (20) vacation days per calendar year. Unused vacation days for one calendar year may be carried over through the first ninety (90) days of the immediately subsequent calendar year.

6.3. 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 his 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.

7. Compensation After Termination.

7.1. Termination for Cause; Resign without Good Reason. If Executive is terminated by the Company for Cause or if Executive resigns other than for Good Reason, then, except as required by law, the Company shall pay Executive, within thirty (30) days of the termination, the Executive’s Base Salary accrued through the date of said termination and any earned but unpaid bonus.

7.2. Severance.

(a) If Executive is terminated by the Company without Cause or if Executive resigns for Good Reason during the Employment Period (or following the Employment Period to the extent that the Company delivers a Notice of Nonrenewal and such termination occurs on or prior to the fifth anniversary of the Effective Date), Executive shall be entitled to receive:

(i) as severance pay, one million, five hundred thousand dollars ($1,500,000) payable in equal installments pursuant to the Company's normal payroll schedule for Executive during the twelve (12)-month period commencing with the date of termination, (such twelve (12)-month period, the **"Severance Period"**),

(ii) as and to the extent provided in the Restricted Shares Award Agreement, the vesting of the Shares shall accelerate, if needed, so that one hundred percent (100%) of the Shares shall be vested;

(iii) continuation of medical and dental benefits during the Severance Period upon the same terms as exist immediately prior to the termination of employment, and

(iv) all other benefits and perquisites shall be subject to the terms of the plan or program through which the benefit or perquisite is provided to Executive.

(b) For the avoidance of doubt, the parties hereto agree that delivery by the Company of a Notice of Nonrenewal shall not be considered an event of Good Reason or a termination by the Company for Cause.

(c) Notwithstanding the above, if a termination of Executive's employment described in **Section 7.2(a)** above occurs within the twelve (12)-month period immediately following a Qualified Change of Control (as defined in **Section 9(f) of the "Restricted Shares Award Agreement"**), the severance payment of one million, five hundred thousand dollars ($1,500,000) shall be paid to Executive in a single lump sum within thirty (30) days of the termination date.

7.3. Death or Disability. If Executive is terminated due to Executive's Permanent Disability or if Executive dies during the Employment Period, then:

(a) Executive or Executive's estate, as the case may be, shall be entitled to receive as severance pay an amount equal to the Base Salary for six (6) months, which amount shall be payable in accordance with the Company's policies that would otherwise apply to the payment of the Base Salary,

(b) As and to the extent provided in the Restricted Shares Award Agreement, the vesting of the Shares shall accelerate, if needed, so that one hundred percent (100%) of the Shares shall be Vested,

(c) Executive and/or his eligible dependents shall receive continuation of medical benefits upon the same terms as exist immediately prior to the termination of employment for the six (6)-month period immediately following the termination of employment, and

(d) all other benefits and perquisites shall be subject to the terms of the plan or program through which the benefit or perquisite is provided to Executive.

8. Restrictive Covenants.

8.1. 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 **Sections 8, 9 and 10** are essential to protect the Company and the 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.

8.2. Confidential Information. As used in this **Section 8, "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 (whether at the end of the Employment Period or thereafter), 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 his control.

8.3. Non-Disclosure. Executive agrees that during employment with the Company (including employment following the Employment Period) 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.

8.4. 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 for a period of twelve (12) months following termination of employment with the Company unless otherwise mutually agreed in writing by Executive and the Company (whether at the end of the Employment Period or thereafter), 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:

"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 (whether at the end of the Employment Period or thereafter) 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 the Company 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.

8.5. Non-Interference with Relationships. Executive shall not directly or indirectly solicit, induce or encourage (i) any executive or employee of the Company, or (ii) any customer, client, supplier, lender, professional advisor or other business relation of the Company to leave, alter or cease his or her relationship with the Company, for any reason whatsoever, for (1) thirty six (36) months (in the case of clause (i)) and (2) twelve (12) months (in the case of clause (ii)) after Executive's termination, for any reason, of employment with the Company (whether at the end of the Employment Period or thereafter). Executive shall not hire or assist in the hiring of any executive or employee of the Company for that same time period, whether or not Executive is then self employed or employed by another business. Executive shall not directly or indirectly make disparaging remarks about the Company.

8.6. 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 8.3, 8.4 and 8.5** 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. The provisions of this Section 8 shall survive the end of the Employment Period and the termination of this Agreement.

9. Effect on Termination. If, for any reason, Executive's employment with the Company shall terminate or the Agreement is not renewed pursuant to Section 1.3 above, then, the Agreement shall terminate; provided, however, notwithstanding such termination, the provisions contained in **Sections 4, 5, 8, 9, 10, and 11** hereof shall remain in full force and effect and provided further, however, that if the Company delivers Notice of Nonrenewal prior to the fifth anniversary of the Effective Date, **Section 7** hereof (including any defined terms referenced in such section) shall survive until the fifth anniversary of the Effective Date .

10. Remedies.

10.1. Non-Exclusive Remedy for Restrictive Covenants. Executive acknowledges and agrees that the covenants set forth in **Sections 8.3, 8.4 and 8.5** 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 him 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.

10.2. Arbitration. Except as set forth in **Section 10.1,** 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 Commercial Disputes, effective as of September 1, 2000 (the **"Employment Rules"**), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. 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 Employee Retirement Income Security Act of 1974, the Americans with Disability

Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any similar federal, state or local statute.

10.3. Legal Fees. The Company shall reimburse Executive for attorney fees incurred by the Executive in connection with the negotiations of this Agreement and related agreements in an amount not to exceed $30,000.

10.4. Interest. If, in breach of this Agreement, the Company does not pay any amount that becomes due to Executive under this Agreement within five business days after written notice that such amount is due and owing, interest shall accrue on such amount from the date it became due and owing until the date of payment at an annual rate equal to the prime rate as publicly announced by The Northern Trust Company or its successor in effect from time to time during the period of such nonpayment.

11. Miscellaneous.

11.1. General Release. Executive acknowledges and agrees that Executive's right to receive severance pay and other benefits pursuant to **Section 7.2 and Section 7.3** of this Agreement is contingent upon Executive's compliance with the covenants set forth in **Section 8** of this Agreement and Executive's execution and acceptance of the terms and conditions of, and the effectiveness of, a general release in a form substantially similar to that attached hereto as Exhibit B (the **"Release"**). If the Executive fails to comply with the covenants set forth in **Section 8** or if the Executive fails to execute the Release or revokes the Release during the seven (7)-day period following his execution of the Release, then the Executive shall not be entitled to any severance payments or other benefits to which the Executive would otherwise be entitled under **Section 7.2 or 7.3**.

11.2. Assignment. Executive may not assign any of his rights or obligations hereunder without the written consent of the Company. 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.

11.3. 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.

11.4. 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.

11.5. 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.

11.6. Notices.

All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered personally to the recipient, (ii) 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 (iii) transmitted by telecopy to the recipient with a confirmation copy to follow the next day to be delivered by overnight carrier. Such notices, demands and other communications shall be sent to the addresses indicated below:

To the Company:

	Huron Consulting Group LLC c/o Lake Capital, LLC 676 North Michigan Ave. Suite 3900 Chicago, IL 60611 Attention: Kathleen M. Johnston Facsimile: (312) 640-7065
with copy to:	Peter Krupp Skadden, Arps, Slate, Meagher & Flom LLP 333 West Wacker Drive Chicago, IL 60606 Facsimile: (312) 407-0411
To Executive:	Gary E. Holdren At the current home address and/or current home facsimile number for Executive in the Company's records.
with copy to:	Roger C. Siske Sonnenschein Nath & Rosenthal 8000 Sears Tower Chicago, Illinois 60606

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. Date of service of such notice shall be (w) the date such notice is personally delivered, (x) three days after the date of mailing if sent by certified or registered mail, (y) one 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.

11.7. Indemnification. The Company hereby agrees to indemnify Executive and hold him harmless to the fullest extent permitted by law as provided under and subject to the limitations and conditions set forth in the Company's limited liability company agreement as in effect on the date hereof, against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from Executive's performance of his duties and obligations with the Company.

11.8. Liability Insurance. The Company shall cover Executive, while employed by the Company and during the six (6) year period commencing with the Executive's date of termination, under directors and officers liability insurance in the same amount and to the same extent as the Company covers any other officer or director of the Company, provided that the Company shall not be required to provide such coverage following termination of the Executive's employment if providing such coverage to the Executive would cause the Company's cost of directors and officers liability insurance to be increased by more than 15% and provided further that, the Company shall not be required to provide such coverage in the event that the Executive's employment is terminated for Cause or if, prior to the third anniversary of the Effective Date, the Executive terminates his employment without Good Reason.

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

11.10. 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.

11.11. 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.

11.12. 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.

11.13. 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. Neither the Executive nor the Board shall be entitled to any presumption in connection with any determination made hereunder in connection with any arbitration, judicial or administrative proceeding relating to or arising under this Agreement.

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

SIGNATURE PAGE FOLLOWS.

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

THE COMPANY:

HURON CONSULTING GROUP LLC

/s/ Terence M. Graunke

By: Terence M. Graunke
Its: Chairman

Date: December 7, 2002

EXECUTIVE

/s/ Gary E. Holdren

Gary E. Holdren

Date: December 7, 2002

<u>Exhibit A</u>

GENERAL RELEASE OF ALL CLAIMS

1. For valuable consideration, the adequacy of which is hereby acknowledged, the undersigned (**"Executive"**), for himself, his spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other persons claiming through Executive, if any (collectively, **"Releasers"**), does hereby release, waive, and forever discharge Huron Consulting Group LLC (**"Huron"**), Huron Consulting Group Inc. (the **"Parent"**), HCG Holdings, LLC (the **"Holding Company"**) (collectively Huron, Parent and Holding Company being "Company"), Company's agents, subsidiaries, parents affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns (collectively, the **"Releasees"**) from, and does fully waive any obligations of Releasees to Releasers for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Releasers in consequence of, arising out of, or in any way relating to Executive's employment with the Company or any of its affiliates and the termination of Executive's employment. The foregoing release and discharge, waiver and covenant not to sue includes, but is not limited to, all claims and any obligations or causes of action arising from such claims, under common law including wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under the Senior Management Agreement between Huron and Executive (except as set forth below), effective as of May 13, 2002, as amended from time to time (the "**Senior Management Agreement**") and any claims under any stock option agreements between Executive and Huron or Parent) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Age Discrimination in Employment Act (ADEA), the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the Illinois Human Rights Act, or the discrimination or employment laws of any state or municipality, and/or any claims under any express or implied contract which Releasers may claim existed with Releasees. This also includes a release by Executive of any claims for breach of contract, wrongful discharge and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with the Company or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. This release and waiver does not apply to any claims or rights that may arise after the date Executive signs this General Release. The foregoing release does not apply to (a) any claims or rights for severance pay, benefits, indemnification and any other surviving rights now existing under the Senior Management Agreement, the Operating Agreement of Huron, the organizational documents of the Parent or any other agreement providing for indemnification regardless of when any claim is filed, (b) any claims or rights under the Restricted Shares Awards Agreement or any benefit plan or program of the Company and (c) any claims or rights under directors and officers liability insurance.

2. Excluded from this release and waiver are any claims which cannot be waived by law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge, or lawsuit against the Releasees with any government agency or any court.

3. Executive agrees never to sue Releasees in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. If Executive violates this General Release by suing Releasees, other than under the ADEA or as otherwise set forth in **Section 1** hereof and the Company prevails in a material respect, Executive shall be liable to the Company for its reasonable attorneys' fees and other litigation costs incurred in defending against such a suit. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the interest of the parties that such claims are waived.

4. Executive acknowledges and recites that:

(a) Executive has executed this General Release knowingly and voluntarily;

(b) Executive has read and understands this General Release in its entirety;

(c) Executive has been advised and directed orally and in writing (and this subparagraph (c) constitutes such written direction) to seek legal counsel and any other advice he wishes with respect to the terms of this General Release before executing it;

(d) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate about the terms of this General Release; and

(e) Executive has been offered 21 calendar days after receipt of this General Release to consider its terms before executing it.

5. This General Release shall be governed by the internal laws (and not the choice of laws) of the State of Illinois, except for the application of pre-emptive Federal law.

6. Executive shall have 7 days from the date hereof to revoke this General Release by providing written notice of the revocation to the Company, as provided in subsection 11.6 of the Senior Management Agreement, in which event this General Release shall be unenforceable and null and void.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Gary E. Holdren

Date: ______________________ ______________________

Executive

Exhibit 10.3

FIRST AMENDMENT
TO
SENIOR MANAGEMENT AGREEMENT

WHEREAS, Huron Consulting Group LLC, a Delaware limited liability company (the “Company”) has entered into an Senior Management Agreement, effective as of May 13, 2002 (the “Agreement”) with Gary E. Holdren (the “Executive”); and

WHEREAS, the Executive and the Company desire to amend the Agreement;

NOW, THEREFORE, the Agreement is hereby amended, effective as of January 1, 2004, as follows:

1. Section 2.1 of the Agreement is hereby restated in its entirety, as follows:

2.1 Base Salary

As consideration for the services of Executive hereunder, during the Employment Period, the Company shall pay Executive an annual base salary of eight hundred thousand dollars ($800,000) (the **“Base Salary”**), payable in accordance with the Company’s customary payroll practices as in effect from time to time. The Chairman shall perform an annual review of Executive’s compensation based on Executive’s performance of his duties and the Company’s other compensation policies, provided that Executive’s Base Salary, as increased from time to time, shall not be reduced without Executive’s written consent. The term Base Salary shall include any changes to the Base Salary from time to time.

2. The Agreement is hereby amended by adding a new Section 11.15, as follows:

11.5 Other Matters.

Following the effectiveness of an initial public offering of the common stock of Huron Consulting Group Inc., references to determinations to be made by the Parent Board with respect to the compensation of Executive shall be deemed to be references to the compensation committee of the Parent Board. In addition, to the extent that Executive is, at any time during the Employment Period, serving as the Chairman, references to determinations to be made by, or the authority of, the Chairman, shall be deemed to refer instead to the compensation committee of the Parent Board, or, in the discretion of the Parent Board and consistent with applicable law and regulations, to the Parent Board itself.

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

4. Except as specifically set forth in this First Amendment, the Agreement shall remain in full force and effect and, as amended by this First Amendment, is hereby ratified and confirmed by the Company and the Executive.

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

THE COMPANY:

HURON CONSULTING GROUP LLC

/s/ Kathleen Johnston
By: Kathleen Johnston
Its: Vice President
Date: May 6, 2004

EXECUTIVE

/s/ Gary E. Holdren
Gary E. Holdren
Date: May 6, 2004

Exhibit 10.5

RESTRICTED SHARES AWARD AGREEMENT

THIS RESTRICTED SHARES AWARD AGREEMENT (this "Agreement") dated as of December 10, 2002 ("Grant Date"), is among Huron Consulting Group Inc., a Delaware corporation (the "Company"), Huron Consulting Group LLC, a Delaware limited liability company ("Huron" for purposes of Section 11 and the last sentence of Section 13 hereof), HCG Holdings LLC, a Delaware limited liability company ("HCG Holdings" for purposes of Section 5 hereof) and Gary E. Holdren (the "Participant"), relating to restricted stock granted under the Huron Consulting Group Inc. 2002 Equity Incentive Plan (the "Plan"). Except as otherwise provided herein, capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Restricted Shares, Price and Vesting.

(a) The Company grants to the Participant 900,000 Restricted Shares, subject to the provisions of the Plan (except as otherwise herein provided) and the terms and conditions herein. As a condition of the effectiveness of this grant, the Participant shall pay to the Company within ten (10) business days of the date hereof, par value in cash for each Restricted Share subject to this grant. The par value of each Restricted Share is $0.01, and each Restricted Share is non-voting.

(b) The Restricted Shares shall vest, and be subject to forfeiture and repurchase at the option of the Company, as set forth in this Agreement. All Restricted Shares shall be unvested ("Unvested Shares") unless and until they become Vested Shares in accordance with this Section 1. If the Participant is employed by the Company or any Subsidiary as of the applicable anniversary date set forth below, the Restricted Shares shall become "Vested Shares" according to the percentage set forth opposite such date:

Date	Cumulative Percentage Vested
1 year following the Effective Date	33.33%
2 years following the Effective Date	66.67%
3 years following the Effective Date	100%

For the purposes of this Section 1(b), "Effective Date" shall have the meaning given such term in the Senior Management Agreement (as defined below). Except as expressly set forth in Section 2 below, in the event that the Participant ceases to be employed by the Company, any Unvested Shares shall be forfeited as of the date the Participant ceases to be employed and the Participant shall deliver to the Company the stock certificate evidencing such Unvested Shares.

(c) Restricted Shares that have become Vested Shares shall be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of one or more certificates (that may bear appropriate legends referring to the terms, conditions and restrictions applicable to such Award).

(d) In further consideration of the Restricted Shares granted hereunder, the Participant reaffirms his obligations under the restrictive covenants set forth in Section 8 of the Senior Management Agreement. With respect to the Participant, each reference to "Restrictive

Covenants” in the Plan shall be deemed to be a reference to the restrictive covenants set forth in Section 8 of the Senior Management Agreement and Section 12 of this Agreement, and not to the restrictive covenants set forth in Section 8 of the Plan and the restrictive covenants set forth in the Plan shall not apply to Participant or this grant.

(e) As of the date hereof, the Company represents and warrants to Participant as to the following matters:

(i) The Restricted Shares, upon issuance in accordance herewith, will be duly authorized, validly issued, fully paid and non-assessable shares of Class B Non-Voting Common Stock, par value $.01 per share (“Class B Common Stock”), free and clear of all liens and encumbrances other than those expressly set forth herein and pursuant to applicable federal and state securities laws.

(ii) The Class B Common Stock is and will be identical in all respects to the Class A Common Stock (“Class A Common Stock”) except (A) it has no voting rights except as expressly required by law, (B) upon a Qualified Public Offering of the Class A Common Stock, each share of Class B Common Stock will be automatically convertible into one share of Class A Common Stock and (C) in the event of a stock dividend, stock split, stock combination or other similar recapitalization effecting the Class A Common Stock, the Class B Common Stock will be proportionately adjusted such that each holder of Class B Common Stock outstanding immediately prior thereto maintains the same relative rights as a holder of an equivalent number of shares of Class A Common Stock received in such transaction (subject to the exceptions reflected herein). Neither the Class B Common Stock nor the Class A Common Stock are subject to, pursuant to either the Company’s Certificate of Incorporation or By-laws, any (i) restrictions on transfer (including without limitation, rights of first refusal or co-sale) or (ii) mandatory redemption rights.

(iii) The authorized capital stock of the Company consists of 31,025,715 shares of Class A Common Stock, 4,578,857 shares of Class B Common Stock, 106,840 shares of 8% Preferred Stock and 200,000 shares of preferred stock. As of the date hereof, (a) 25,946,858 shares of Class A Common Stock and no shares of Class B Common Stock are issued and outstanding; (b) no shares are issued and held in the treasury of the Company; (c) 12,500 shares of 8% Preferred Stock are issued and outstanding; and (d) no shares of preferred stock are issued and outstanding. All the outstanding shares are duly authorized, validly issued, fully paid and non-assessable. Except as set forth above, there are no shares of capital stock of the Company authorized, issued or outstanding. Except for rights granted pursuant to the certificate of incorporation of the Company, the bylaws of the Company, the Plan and related option agreements and for options granted under the Plan, there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company.

2. Accelerated Vesting. Notwithstanding anything to the contrary contained herein or in the Plan and so long as the Participant has not been terminated for Cause or resigned without Good Reason, vesting of the Restricted Shares shall accelerate as follows:

(a) Immediately prior to a Qualified Change of Control (as defined in Section 8(b) hereof), with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall accelerate, if necessary, so that no less than one hundred percent (100%) of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares (provided, for the avoidance of doubt, any portion of an Award that may have already vested as of the date such Qualified Change of Control is determined to have occurred shall be included in determining the amount of the Participant's Vested Shares).

(b) Immediately prior to a Qualified Public Offering (as defined in Section 8(d) hereof), with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall fully accelerate, if necessary, so that all of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares.

(c) Upon the Participant's death or termination of the Participant's employment by the Company or any Subsidiary due to the Participant's Permanent Disability (as defined in the Senior Management Agreement), with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall accelerate, if necessary, so that no less than one hundred percent (100%) of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares (provided, for the avoidance of doubt, any portion of an Award that may have already vested as of the date of such termination shall be included in determining the amount of the Participant's Vested Shares).

(d) If Participant's employment is terminated by the Company or any Subsidiary without Cause (as defined in the Senior Management Agreement referred to in Section 10 hereof) or the Participant resigns for Good Reason (as defined in the Senior Management Agreement referred to in Section 10 hereof), then immediately prior to such termination of employment, with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall accelerate, if necessary, so that no less than one hundred percent (100%) of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares (provided, for the avoidance of doubt, any portion of an Award that may have already vested as of the date of such termination shall be included in determining the amount of the Participant's Vested Shares).

3. Payment of Withholding Taxes. If the Company, or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the grant of the Restricted Shares, the Participant shall be required to pay such amount to the Company prior to the delivery of such Restricted Shares. The Participant acknowledges and agrees that he is responsible for the tax consequences associated with the grant of the Restricted Shares. Notwithstanding the foregoing, within thirty (30) days after the Grant Date, the Participant shall make an effective election with the Internal Revenue Service under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, with respect to the Restricted Shares, which election shall be in substantially the form attached hereto as Exhibit A. A failure by the Participant to make such an effective election shall result in a forfeiture by the Participant of such Restricted Shares, which shall be treated as Unvested Shares subject to repurchase by the Company at a price of $0.01 per Restricted Share and in the manner described in Section 9 of the Plan. The Company shall have ninety (90) days from the date that it has actual knowledge of such failure to deliver the Repurchase Notice.

4. Changes in Company's Capital Structure. Except as expressly set forth herein, the existence of the Restricted Shares will not affect in any way the right or authority of the Company or the holders of its voting securities to make or authorize (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (b) any merger or consolidation of the Company's capital structure or its business; (c) any merger or consolidation of the Company; (d) any issue of bonds, debentures, preferred or prior preference equity interests ahead of or affecting the Shares or the rights thereof; (e) the dissolution or liquidation of the Company; (f) any sale or transfer of all or any part of the Company's assets or business; or (g) any other corporate act or proceeding, whether of a similar character or otherwise. Except as expressly set forth herein, in the event of a Qualified Change of Control or other restructuring provided for in the Plan, the Participant shall have such rights, and the Administrator shall take such actions, as are provided for in the Plan. The 12,500 shares of 8% Preferred Stock currently issued reflects the current equity contributions by HCG Holdings to the Company. HCG Holdings has also contributed $10,335,232.55 to the Company in exchange for promissory notes. The parties acknowledge that in the future, HCG Holdings may make additional contributions in exchange for debt or equity of the Company, including additional 8% Preferred Stock, and that the issued 8% Preferred Stock may be converted or exchanged by the Company into a debt instrument and that issued debt instruments may be converted or exchanged by the Company into equity.

5. Come-Along Right.

(a) The Participant shall be entitled to participate (a "Come-Along Right") in any proposed transfer of common equity securities of the Company by HCG Holdings or one of its Affiliates (such common equity securities, "Offered Securities"); provided, however, there shall be no Come-Along Right in connection with (i) a Transfer by HCG Holdings to its Affiliates, or (ii) any pledge of common equity securities by HCG Holdings or its Affiliates in a bona fide debt financing.

(b) The Participant shall be entitled, within twenty (20) days of the delivery of a notice from HCG Holdings to the Participant (which notice shall set forth the proposed price, terms and conditions of the proposed transfer of Offered Securities by HCG Holdings) (the "Sale Notice"), to give written notice (the "Come-Along Notice") to HCG Holdings that the Participant desires to participate in such proposed transfer upon the price, terms and conditions of the proposed transfer, which Come-Along Notice shall specify the number of Vested Shares the Participant desires to include in such proposed transfer.

(c) If the Participant elects to exercise his Come-Along Rights by timely delivering a Come-Along Notice, the Participant shall be entitled, subject to the remainder of this Section 5, to include in such proposed transfer the number of Vested Shares (the "Come-Along Securities") equal to the lesser of (A) the maximum amount specified by the Participant in his Come-Along Notice and (B) the amount determined by multiplying the number of Vested Shares owned by the Participant by a fraction, (x) the numerator of which is the number of shares of Offered Securities and (y) the denominator of which is the number of shares of common equity securities of the Company owned by HCG Holdings.

(d) If the Participant does not give HCG Holdings a timely Come-Along Notice with respect to the transfer proposed in the Sale Notice, then HCG Holdings will have (x) one hundred and twenty (120) days after the expiration of the twenty (20) day period during which the Participant is entitled to deliver a Sale Notice to draft, execute and deliver definitive documentation to transfer such Offered Securities proposed to be transferred on terms and conditions no more favorable to the transferee than those proposed in the Sale Notice and (y) if such documentation is so drafted, executed and delivered, sixty (60) days thereafter to consummate the transfer. Any such Offered Securities not so transferred by HCG Holdings during such 180-day period will again be subject to the provisions of this Section 5 upon a subsequent transfer.

(e) If HCG Holdings receives a timely Come-Along Notice, then HCG Holdings shall use all reasonable efforts to obtain the agreement of the prospective transferee to purchase all, but not less than all, of the Offered Securities and the Come-Along Securities, on the terms set forth above. If the prospective purchaser declines to purchase all of the Offered Securities and the Come-Along Securities, each of HCG Holdings and the Participant shall be entitled to transfer the number of Offered Securities or Vested Shares, as applicable, determined by multiplying (x) the number of shares of common equity securities of the Company the prospective purchaser is willing to purchase by (y) a fraction, the numerator of which is (A) in the case of HCG Holdings, the number of shares of Offered Securities of HCG Holdings and (B) in the case of the Participant, the number of shares of Come-Along Securities, and the denominator of which is the sum of the number of shares of Offered Securities of HCG Holdings plus the number of shares of Come-Along Securities.

(f) As a condition precedent to participating in the Come-Along Right set forth in this Section 5, the Participant shall be severally obligated to join (on a basis not to exceed the Participant’s pro rata share of the proceeds from such sale as provided hereunder) in any indemnification or other obligations to which HCG Holdings agrees in connection with such sale (other than any such obligations that relate specifically to HCG Holdings or the Participant, such as indemnification with respect to representations and warranties given by HCG Holdings or the Participant regarding title to and ownership of Offered Securities or Vested Shares, as applicable, as to which obligations HCG Holdings or the Participant, as applicable, shall be solely liable). The Come-Along Right granted pursuant to this Section 5 and the requirements of this Section 5 shall terminate immediately prior to the closing of an initial Public Offering, and the Participant will have no Come-Along Rights in connection with the sale of common equity securities of the Company in such initial Public Offering.

(g) Notwithstanding anything in this Section 5 to the contrary, the Participant will have no Come-Along Rights in connection with an Approved Sale, to which the provisions of Section 12 of the Plan shall instead apply.

(h) Not less than twenty days prior to HCG Holding’s consummation of a public offering of equity securities of HCG Holdings or any successor entity (“IPO Securities”), HCG Holdings shall provide to the Participant written notice (the "Notice") of such public offering and the exchange ratio to be applied for purposes of exchanging Vested Shares held by the Participant into IPO Securities. The Board of Directors of HCG Holdings shall determine the exchange ratio in good faith on a equitable basis based on the relative values of an IPO Security (such value to be estimated for purposes of the Notice and finalized as the mid-point of the range on the date commencement of the IPO) and each Vested Share. Within 5 days after the notice of the proposed public offering from the Company, the Participant may by written notice to HCG Holdings, elect to exchange all of his Vested Shares into IPO Securities on the basis indicated in the Notice. If the Participant elects to exchange his Vested Shares, such exchange shall take place upon the day following the commencement of the IPO.

6. Call Right. The Company shall have no Repurchase Rights with respect to Vested Shares notwithstanding any provisions of the Plan to the contrary except as set forth in Section 3 above and this Section 6.

(a) Within one hundred twenty (120) days immediately following either (1) the termination of the Participant's employment for Cause (as defined in and pursuant to the Senior Management Agreement) or (2) the Company's actual knowledge of the violation by the Participant of Section 8.2, 8.3, 8.4 or 8.5 of the Senior Management Agreement which was the result of an intentional or grossly negligent action or omission by the Participant, or is not cured within five (5) days after written notice thereof by the Company to Participant, the Company shall have the option (the "Call Right") to require the Participant (or his transferees) to sell to the Company the Restricted Shares (whether Vested Shares or Unvested Shares) at a price per share equal to the original price per share paid by the Participant.

(b) The Company shall deliver written notice (the "Call Notice") of the exercise of the Call Right to the Participant within thirty (30) days immediately following an event described in Section 6(a) hereof. If a Call Notice is not received by the Participant within such thirty (30) day period, the Call Right granted pursuant to this Section 6 and the requirements of this Section 6 shall terminate and the Company will have no further rights, and the Participant will have no further obligations, pursuant to this Section 6. Within ten (10) days following receipt of a Call Notice, the Company shall deliver written notice (the "Call Closing Notice") to the Participant's legal representative, which Call Closing Notice shall set forth the number and amount of Restricted Shares to be repurchased (calculated in accordance with the provisions of Section 6(a) above) (the "Called Shares"), the aggregate consideration to be paid for such Called Shares and the time and place for the closing of such repurchase.

(c) The repurchase of Called Shares pursuant to this Section 6 shall be consummated (the "Call Closing") at the Company's principal office at 10:00 a.m., local time, on the thirtieth (30^{th}) day next following the date of delivery of the Call Closing Notice, or on such later day as designated by the Company in the Call Closing Notice but not later than the sixtieth (60^{th}) day next following the date of the delivery of the Call Closing Notice, (the "Call Closing Date"). If said date is a Saturday, Sunday or legal holiday, the Call Closing shall occur at the same time and place on the next succeeding business day. The Company shall pay for the Called Shares to be repurchased pursuant to the Call Right in a single lump sum on the Call Closing Date. Notwithstanding the foregoing, the Company shall be entitled to offset from amounts due the Participant hereunder an amount equal to all (or a portion) of any amounts then owed by the

Participant to the Company or any Subsidiary. The Company shall be entitled to receive customary representations and warranties as to ownership, title, authority to sell and the like from the Participant (through his legal representative) or his transferees regarding such repurchase, to require the signature of the Participant's legal representative to be guaranteed and to receive such other evidence, including applicable inheritance and estate tax waivers, as may reasonably be necessary to effect the repurchase of the Called Shares.

Notwithstanding anything to the contrary contained herein, all repurchases of and payments for the Called Shares by the Company shall be subject to applicable restrictions contained in the Delaware General Corporation Law and in the Company's and its subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the repurchase of or payment for the Called Shares hereunder to which the Participant is otherwise entitled, the Company may make such repurchases or payments as soon as it is permitted to do so under such restrictions.

7. Registration Rights.

(a) Following a Qualified Public Offering, whenever the Company proposes an underwritten public offering of equity securities of the Company pursuant to an effective registration statement under the Securities Act (a "Public Offering") (other than a registration relating to the Company employee benefit plans, exchange offers by the Company or a merger or acquisition of a business or assets by the Company including, without limitation, a registration on Form S-4 or Form S-8 or any successor form) (a "Piggyback Registration"), the Company shall give the Participant prompt written notice thereof (but not less than twenty (20) days prior to the filing by the Company with the Securities and Exchange Commission (the "Commission") of any registration statement with respect thereto). Such notice (a "Piggyback Notice") shall specify, at a minimum, the number of securities proposed to be registered, the proposed date of filing of such registration statement with the Commission, the proposed means of distribution, the proposed managing underwriter or underwriters (if any and if known), and a good faith estimate by the Company of the proposed minimum offering price of such securities. Upon the written request of the Participant given within ten (10) business days of the Participant's receipt of the Piggyback Notice (which written request shall specify the number of Registrable Securities (as hereinafter defined) intended to be disposed of by the Participant and the intended method of distribution thereof), the Company shall include in such registration, pursuant to the terms hereof, all Registrable Securities with respect to which the Company has received such written request for inclusion. For the purposes of this Agreement, "Registrable Securities" means Vested Shares; provided that such securities shall cease to be Registrable Securities when such securities have been distributed to the public pursuant to an offering registered under the Securities Act or sold to the public through a broker, dealer or market maker in compliance with Rule 144 (or any similar rule then in force).

(b) If, in connection with a Piggyback Registration, any managing underwriter advises the Company and the Participant that, in its opinion, the inclusion of all the securities sought to be included in such Piggyback Registration by the Company, any persons who have sought to have shares registered thereunder pursuant to rights to demand (other than pursuant to so-called "piggyback" or other incidental or participation registration rights) such registration (such demand rights being "Demand Rights" and such persons being "Demanding Sellers"), and the Participant and any other proposed sellers, in each case, if any, would adversely affect the marketability of the securities sought to be sold pursuant thereto, then the Company shall include in the registration statement applicable to such Piggyback Registration only such securities as the Company, the Demanding Sellers, and the Participant are so advised by such underwriter can be sold without such an effect (the "Maximum Registration Number"), as follows and in the following order of priority:

(i) if the offering is a Piggyback Registration and is an offering on behalf of the Company and not any person exercising Demand Rights (whether or not other persons seek to include securities therein pursuant to so-called "piggyback" or other incidental or participatory registration rights) (a "Primary Offering"), then (A) first, such number of securities to be sold by the Company as the Company, in its reasonable judgment and acting in good faith and in accordance with sound financial practice, shall have determined and (B) second, if the number of securities to be included under clause (A) above is less than the Maximum Registration Number, the number of Registrable Securities sought to be registered by the Participant, *pro rata* in proportion to the number of Registrable Securities sought to be registered by the Participant and all other proposed sellers, which in the aggregate, when added to the number of securities to be registered under clause (A) above, equals the Maximum Registration Number; and

(ii) if the Piggyback Registration is an offering other than pursuant to a Primary Offering, then (A) first, such number of securities sought to be registered by each demanding seller, pro rata in proportion to the number of securities sought to be registered by all such demanding sellers, (B) second, if the number of securities to be included under clause (A) above is less than the Maximum Registration Number, the number of Registrable Securities sought to be registered by the Participant, *pro rata* in proportion to the number of Registrable Securities sought to be registered by the Participant and all other proposed sellers, which in the aggregate, when added to the number of securities to be registered under clause (A) above, equals the Maximum Registration Number.

(c) If, at any time after giving written notice of its intention to register any of its securities as set forth in Section 7(a) and prior to the time the registration statement filed in connection with such registration is declared effective, the Company shall determine for any reason not to register such securities, the Company may, at its election, give written notice of such determination to the Participant and thereupon shall be relieved of its obligation to register any Registrable Securities in connection with such particular withdrawn or abandoned registration (but not from its obligation to pay the Registration Expenses (as hereinafter defined) in connection therewith as provided herein).

(d) If the Participant has notified or directed the Company to include any or all of his Registrable Securities in a registration statement under the Securities Act, the Participant shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated for registration thereby by giving written notice to such effect to the Company prior to the earlier of the effective date of such registration statement and the date of pricing of such Registrable Securities. In the event of any such withdrawal, the

Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities hereunder.

(e) The Participant agrees not to effect any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such securities, during the ten (10) day period prior to the date which the Company has notified the Participant that it intends to commence a Public Offering through either the ninety (90) day period immediately following the effective date of any Piggyback Registration or the one hundred eighty (180) day period following the effective date of the registration statement in the case of a Qualified Public Offering (in each case, except as part of such registration), or, in each case, if later, the date of any underwriting agreement with respect thereto *provided that* all executive officers and directors of the Company are similarly bound in connection with such offering, and that no waivers of any such obligation are granted to any such person or entity unless such waiver is also granted to the Participant.

(f) The Participant agrees that upon receipt of any notice from the Company of the happening of any event as a result of which, any registration statement covering any Registrable Securities, as then in effect, contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or any fact necessary to make the statements therein not misleading, the Participant shall forthwith discontinue his disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until the Participant's receipt of the copies of the supplemented or amended prospectus and, if so directed by the Company, deliver to the Company all copies, other than permanent file copies, then in the Participant's possession of the prospectus current at the time of receipt of such notice relating to such Registrable Securities.

(g) All expenses incident to the Company's performance of, or compliance with, its obligations under this Section 7 including, without limitation, all registration and filing fees, all fees and expenses of compliance with securities and "blue sky" laws (including, without limitation, the fees and expenses of counsel for underwriters or placement or sales agents in connection therewith), National Association of Securities filing fees, the expenses and fees for listing the securities on all applicable securities exchanges and markets, all printing and copying expenses, all messenger and delivery expenses, all fees and expenses of underwriters and sales and placement agents in connection therewith (excluding discounts and commissions and the fees and expenses of counsel therefor), all fees and expenses of the Company's independent certified public accountants and counsel (including, without limitation, with respect to "comfort" letters and opinions) (collectively, the "Registration Expenses") shall be borne by the Company; provided, however, that all underwriting discounts and commissions allocable to the Participant's Registrable Securities shall be borne by the Participant.

(h) **Indemnification.**

(i) In connection with any registration statement in which the Participant is participating, the Company agrees to indemnify, to the fullest extent permitted by law, the Participant against all losses, claims, damages, liabilities and expenses (collectively, the "Losses") caused by, resulting from or relating to any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or a fact necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished to the Company by the Participant solely in his capacity as selling shareholder and not as an employee, officer or director of the Company expressly for use therein or by the Participant's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished the Participant with a sufficient number of copies of the same.

(ii) In connection with any registration statement in which the Participant is participating, the Participant will furnish to the Company in writing information regarding the Participant's ownership of Registrable Securities and his intended method of distribution thereof and, to the extent permitted by law, shall indemnify the Company, its directors, officers, employees and agents and each person who controls (within the meaning of the Securities Act) the Company or such an other indemnified Person against all Losses caused by, resulting from or relating to any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is caused by and contained in such information so furnished in writing by the Participant solely in his capacity as selling shareholder and not as an employee, officer or director of the Company. Notwithstanding any provisions of this Section 7(h) to the contrary, the Participant's aggregate liability under the indemnification shall not exceed the net amount received by the Participant from the sale of the Registrable Securities pursuant to the registration statement.

(iii) Any person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, that the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been materially prejudiced by such failure to provide such notice.

(iv) In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this

Section 7(h)) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party, in which event the indemnified party shall be reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate legal counsel). An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent.

(v) The indemnification provided for under this Section 7(h) shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified person and will survive the transfer of the Registrable Securities and the termination of this Agreement.

(i) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such person would be entitled to such indemnification but for such reason or reasons. In determining the amount of contribution to which the respective persons are entitled, there shall be considered the persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the Participant shall not be required to make a contribution in excess of the net amount received by the Participant from the sale of Registrable Securities.

8. Plan. The Restricted Shares are granted pursuant to the Plan, and the Restricted Shares and this Agreement are in all respects (except as herein otherwise specifically provided) governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited. Notwithstanding the foregoing, the Board or the Assuming Board shall not have the ability to convert the Restricted Shares into a cash award pursuant to the provisions of the Plan, including pursuant to the provisions of Section 7(c) of the Plan. Any provisions of this Agreement or the Plan to the contrary notwithstanding, the following provisions shall apply:

(a) any modification, amendment or adjustment to the terms and conditions of the Participant's award hereunder pursuant to Section 2(f) of the Plan, any other provision in the Plan, or under rules and regulations adopted by the administrator of the Plan or its delegate which has a material adverse affect on the award shall not apply with respect to such award unless the Participant consents in writing to such modification, amendment or adjustment;

(b) any amounts payable with respect to the award shall not be deferred pursuant to Section 2(g) of the Plan without the written consent of the Participant;

(c) neither the administrator of the Plan, the administrator's delegate nor the Participant shall be entitled to any presumption in connection with any determination made under the Plan or this Agreement in connection with any arbitration, judicial or administrative proceeding relating to or arising under this Agreement or the Plan.

(d) For purposes of this Agreement and the Senior Management Agreement, a "Qualified Change of Control" means (A) any person (as such term is used in Rule 13d-5 of the SEC under the Securities Exchange Act of 1934 ("Exchange Act") or group (as such term is defined in Section 3(a)(9) and 13(d)(3) of the Exchange Act) other than HCG Holdings, LLC and its affiliates becomes the beneficial owner (as such term is defined in Rule 13d-3 of the SEC under the Exchange Act) of 30% or more of the common stock or voting securities of the Company and owns a larger percentage of such stock than HCG Holdings, LLC and its affiliates then own, (B) consummation of a sale of all or substantially all of the assets of the Company or approval by the stockholders of the Company of a plan of complete liquidation of the Company, (C) a Change of Control (as defined in the Operating Agreement) of HCG Holdings, LLC; provided that a Permitted Transfer (as defined in the Operating Agreement) shall in no event be deemed to constitute a Qualified Change of Control, (D) any other event designated by the Company's Board as a Qualified Change of Control, (E) consummation of a merger, reorganization, consolidation, or similar transaction of the Company unless the persons who were the direct or indirect owners of the outstanding common stock and voting securities of the Company immediately before such transaction become immediately after such transaction the direct or indirect owners of both more than 50% of the then outstanding common stock and voting securities of the surviving corporation in substantially the same proportions as such person's ownership of the common stock and voting securities of the Company immediately before such transaction and (F) effective on or after a Qualified Public Offering, the directors serving as of such Offering (the "Incumbent Directors') cease for any reason thereafter to constitute more than 50% of the directors of the Company then serving; provided that any director whose election is approved by at least 51% of the Incumbent Directors shall thereafter be considered an Incumbent Director.

(e) Section 14(c)(vi) of the Plan shall be limited to the following for purposes of the award hereunder:

> (vi) Any amounts owed to the Company or any Subsidiary by the Participant of whatever manner may be offset by the Company from the value of any Shares, cash or other thing of value under this Plan.

(f) Section 14(c)(viii) of the Plan shall not apply with respect to the award hereunder and therefore it shall not reduce any payment or right accruing to the Participant under the Plan.

(g) "Qualified Public Offering" means any sale of Common Stock of the Company which is pursuant to a registration of such stock under the Securities Act.

9. Transfer Restrictions. Participant acknowledges and agrees that in consideration of the grant of this Award the Participant will abide by the transfer restrictions contained in Sections 10 and 11 of the Plan as well as the Approved Sale provisions contained in Section 12 of the Plan. Accordingly Participant agrees that in the event of any actual or threatened breach by him of any of these provisions, the Company shall be entitled to immediate equitable relief, without the necessity of showing actual monetary damages or the posting of bond. Nothing continued 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.

10. Employment Rights. No provision of this Restricted Shares Award Agreement or of the Restricted Shares granted hereunder shall give the Participant any right to continue in the employ of the Company or any Subsidiary, create any inference as to the length of employment of the Participant, affect the right of the Company or any Subsidiary to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

11. Senior Management Agreement. The Company, Huron and the Participant hereby agree that the grant of Restricted Shares evidenced hereby is made in lieu of and in full satisfaction of the provisions of Section 3 of the Senior Management Agreement entered into between Huron and the Participant effective as of May 13, 2002 (the "Senior Management Agreement").

12. Inventions and Patents. In consideration of the grant of these Restricted Shares, the Participant agrees that all inventions, innovations or improvements in the Company's or any Subsidiary's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company or any Subsidiary belong to the Company and its Subsidiaries. The Participant will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

13. Governing Law. Except as provided in the next sentence, this Restricted Shares Award Agreement and the Restricted Shares granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law). Section 11 of this Agreement only shall in all respects be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to the conflict of laws provisions thereof.

14. Arbitration. Except as otherwise provided in Section 10.1 of the Senior Management Agreement or Section 9 hereof, any controversy or claim arising out of or related to (A) the Plan, (B) this Agreement, (C) the breach of the Plan or this Agreement, (D) a Participant's employment with the Company or any of its Subsidiaries or the termination of such employment or (E) 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 Commercial Disputes, effective as of January 1, 2001 (the “Employment Rules”), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. References to the AAA include any successor organization. “Employment Discrimination” means any discrimination against or harassment of a Participant in connection with the Participant’s employment with the Company or any of its Subsidiaries 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 Employee Retirement Income Security Act of 1974, the Americans with Disability Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any similar federal, state or local statute.

15. Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

16. Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company or Huron, at the address provided below, and the Participant at his address as shown on the Company’s payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company: Huron Consulting Group Inc.
c/o Lake Capital Management LLC
676 North Michigan Avenue
Suite 3900
Chicago, Illinois 60611
Attn: Joseph P. Karczewski

With a copy to: Peter Krupp, Esq.
Skadden, Arps, Slate, Meagher & Flom (Illinois)
333 W. Wacker, Suite 1900
Chicago, Illinois 60601

17. Complete Agreement. This Agreement, those documents expressly referred to herein, the Plan and the Senior Management Agreement embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company, Huron and HCG Holdings have caused this Restricted Shares Award Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand, all as of the day and year first above written.

HURON CONSULTING GROUP INC.

/s/ Terence M. Graunke

By: Terence M. Graunke
Its: Chief Executive Officer

HURON CONSULTING GROUP LLC
For purposes of Section 11 and the last sentence of Section 13 hereof

/s/ Terence M. Graunke

By: Terence M. Graunke
Its: Chairman

HCG HOLDINGS LLC
For purposes of Section 5 hereof

/s/ Terence M. Graunke

By: Terence M. Graunke
Its: Chief Executive Officer

PARTICIPANT:

/s/ Gary E. Holdren

Gary E. Holdren

<u>**EXHIBIT A**</u>

ELECTION TO INCLUDE STOCK IN GROSS INCOME PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned purchased 900,000 shares of nonvoting Class B common stock (the “Shares”) of Huron Consulting Group Inc. (the “Company”) on __________, 2002. Under certain circumstances, the Company and/or its subsidiary has the right to repurchase certain of the Shares at cost from the undersigned (or from the holder of the Shares, if different from the undersigned) should the undersigned cease to be employed by the Company and its subsidiaries. Hence, the Shares are subject to a substantial risk of forfeiture and are non-transferable. The undersigned desires to make an election to have the Shares taxed under the provision of Code Section 83(b) at the time he purchased the Shares.

Therefore, pursuant to Code Section 83(b) and Treasury Regulation Section 1.83-2 promulgated thereunder, the undersigned hereby makes an election, with respect to the Shares (described below), to report as taxable income for calendar year 2002 the excess (if any) of the Shares’ fair market value on __________, 2002 over the purchase price thereof.

The following information of the undersigned is supplied in accordance with Treasury Regulation Section 1.83-2(e):

1. Name: Gary E. Holdren
   Address: ____________________________________

   ____

   Social Security Number: ____________________

2. A description of the property with respect to which the election is being made: 900,000 shares of nonvoting Class B common stock of the Company.

3. The date on which the property was transferred: __________.

4. The taxable year for which such election is made: calendar 2002.

5. The restrictions to which the property is subject include, but are not limited to, the following: If the undersigned ceases to be employed by the Company or any of its subsidiaries, the unvested portion of the Shares are forfeited. If the undersigned ceases to be employed by the Company or any of its subsidiaries due to termination with cause or there is a violation of certain restrictive covenants, the Shares will be subject to repurchase by the Company at par value. One-third of the Shares vest on each of the first three anniversaries of the undersigned’s commencement of employment with a subsidiary of the Company; however, vesting shall accelerate upon the occurrence of specified events.

6. The fair market value on __________, 2002 of the property with respect to which the election is being made, determined without regard to any lapse restrictions: $.01 per Share.

7. The amount paid for such property: $.01 per Share.

A copy of this election has been furnished to the Secretary of the Company pursuant to Treasury Regulations §1.83-2(e)(7).

Dated:______________________________

Exhibit 10.6

RESTRICTED SHARES AWARD AGREEMENT

THIS RESTRICTED SHARES AWARD AGREEMENT (this "Agreement") dated as of December 31, 2002 ("Grant Date"), is between Huron Consulting Group Inc., a Delaware corporation (the "Company"), and Gary E. Holdren (the "Participant"), relating to restricted stock granted under the **Huron Consulting Group Inc. 2002 Equity Incentive Plan** (the "Plan"). Capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Restricted Shares, Price and Vesting.

(a) The Company grants to the Participant 300,000 Restricted Shares, subject to the provisions of the Plan and the terms and conditions herein. As a condition of the effectiveness of this grant, the Participant shall pay to the Company within twenty-five (25) business days of the date hereof, par value in cash for each Restricted Share subject to this grant. The par value of each Restricted Share is $0.01, and each Restricted Share is Class B Nonvoting Common Stock.

(b) The Restricted Shares shall vest, and be subject to forfeiture and repurchase at the option of the Company, as set forth in this Agreement. All Restricted Shares shall be unvested ("Unvested Shares") unless and until they become Vested Shares in accordance with this Section 1. If the Participant is employed by the Company or any Subsidiary as of the applicable anniversary date set forth below, the Restricted Shares shall become "Vested Shares" according to the percentage set forth opposite such date:

Date	Cumulative Percentage Vested
1 year following the Grant Date	**25%**
2 years following the Grant Date	**50%**
3 years following the Grant Date	**75%**
4 years following the Grant Date	**100%**

In the event that the Participant ceases to be employed by the Company or any Subsidiary, any Unvested Shares shall be forfeited as of the date the Participant ceases to be employed and the Participant shall deliver to the Company the stock certificate evidencing such Unvested Shares.

(c) Restricted Shares that have become Vested Shares shall be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of one or more certificates (that may bear appropriate legends referring to the terms, conditions and restrictions applicable to such Award).

(d) In further consideration of the Restricted Shares granted hereunder, the Participant reaffirms his obligations under the restrictive covenants set forth in Section 8 of the Senior Management Agreement entered into between Huron Consulting Group LLC and the Participant prior to the date hereof (the "Senior Management Agreement"). With respect to the Participant, each reference to "Restrictive Covenants" in the Plan shall be deemed to be a reference to the restrictive covenants set forth in Section 8 of the Senior Management Agreement and Section 9 of this Agreement, and not to the restrictive covenants set forth in

Section 8 of the Plan.

2. <u>Accelerated Vesting</u>. Notwithstanding anything to the contrary contained herein or in the Plan, vesting of the Restricted Shares granted herein shall accelerate as follows:

(a) Immediately prior to a Qualified Change of Control, with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall accelerate, if necessary, so that no less than fifty percent (50%) of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares (provided, for the avoidance of doubt, any portion of an Award that may have already vested as of the date such Qualified Change of Control is determined to have occurred shall be included in determining the amount of the Participant's Vested Shares).

(b) Immediately prior to a Qualified Public Offering, with respect to any Restricted Shares that are not then Vested Shares, the vesting of the Participant's Unvested Shares shall fully accelerate, if necessary, so that all of the Participant's Restricted Shares granted pursuant to this Agreement shall be Vested Shares.

3. <u>Repurchase Rights</u>. Upon termination of the Participant's employment, all Restricted Shares then owned by Participant shall be subject to repurchase by the Company in accordance with the provisions of Section 9 of the Plan.

4. <u>Payment of Withholding Taxes</u>. If the Company, or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the grant of the Restricted Shares, the Participant shall be required to pay such amount to the Company prior to the delivery of such Restricted Shares. The Participant acknowledges and agrees that he is responsible for the tax consequences associated with the grant of the Restricted Shares. Notwithstanding the foregoing, within thirty (30) days after the Grant Date, the Participant shall make an effective election with the Internal Revenue Service under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, with respect to the Restricted Shares, which election shall be in substantially the form attached hereto as **Exhibit A**. A failure by the Participant to make such an effective election shall result in a forfeiture by the Participant of such Restricted Shares, which shall be treated as Unvested Shares subject to repurchase by the Company at a price of $0.01 per Restricted Share and in the manner described in Section 9 of the Plan. The Company shall have ninety (90) days from the date that it has actual knowledge of such failure to make an effective election to deliver the Repurchase Notice.

5. <u>Changes in Company's Capital Structure</u>. The existence of the Restricted Shares will not affect in any way the right or authority of the Company or the holders of its voting securities to make or authorize (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (b) any merger or consolidation of the Company's capital structure or its business; (c) any merger or consolidation of the Company; (d) any issue of bonds, debentures, preferred or prior preference equity interests ahead of or affecting the Shares or the rights thereof; (e) the dissolution or liquidation of the Company; (f) any sale or transfer of all or any part of the Company's assets or business; or (g) any other corporate act or proceeding, whether of a similar character or otherwise. In the event of a Qualified Change of Control or other restructuring provided for in the Plan, the Participant shall have such rights, and the Administrator shall take such actions, as are provided for in the Plan.

6. <u>Plan</u>. The Restricted Shares are granted pursuant to the Plan, and the Restricted Shares and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited.

7. <u>Transfer Restrictions</u>. Participant acknowledges and agrees that in consideration of the grant of this Award the Participant will abide by the transfer restrictions contained in Sections 10 and 11 of the Plan as well as the Approved Sale provisions contained in Section 12 of the Plan. Accordingly Participant agrees that in the event of any actual or threatened breach by him of any of these provisions, the Company shall be entitled to immediate equitable relief, without the necessity of showing actual monetary damages or the posting of bond. Nothing continued 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.

8. <u>Employment Rights</u>. No provision of this Restricted Shares Agreement or of the Restricted Shares granted hereunder shall give the Participant any right to continue in the employ of the Company or any Subsidiary, create any inference as to the length of employment of the Participant, affect the right of the Company or any Subsidiary to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

9. <u>Inventions and Patents</u>. In consideration of the grant of these Restricted Shares, the Participant agrees that all inventions, innovations or improvements in the Company's or any Subsidiary's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company or any Subsidiary belong to the Company and its Subsidiaries. The Participant will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

10. <u>Governing Law</u>. This Restricted Shares Award Agreement and the Restricted Shares granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law).

11. <u>Arbitration</u>. Except as otherwise provided in Section 10.1 of the Senior Management Agreement and Section 7 hereof, any controversy or claim arising out of or related to (A) the Plan, (B) this Agreement, (C) the breach of the Plan or this Agreement, (D) a Participant's employment with the Company or any of its Subsidiaries or the termination of such employment or (E) 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, effective as of November 1, 2002 (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 36 of the AAA's Commercial Arbitration Rules effective as of January 1, 2003 (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. The arbitrator shall have the power to modify the Employment Rules as may be required to conform with applicable law. "Employment Discrimination" means any discrimination against or harassment of a Participant in connection with the Participant's employment with the Company or any of its Subsidiaries or the termination of such employment, including any discrimination or harassment prohibited under federal, state or local statute or other applicable law, including but not limited to the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Americans with Disability Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any similar federal, state or local statute.

12. Waiver; Cumulative Rights; Third Party Beneficiary. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time. The parties hereto acknowledge and agree that Huron Consulting Group LLC shall be a third party beneficiary of this Agreement and shall be entitled to enforce this Agreement against the Participant as if it were a party hereto, including, without limitation, those provisions set forth in Sections 1(d) and 9 hereof.

13. Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company, at the address provided below, and the Participant at his address as shown on the Company's payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company: Huron Consulting Group Inc.
c/o Lake Capital Management LLC
676 North Michigan Avenue
Suite 3900
Chicago, Illinois 60611
Attn: Joseph P. Karczewski

14. Complete Agreement. This Agreement, those documents expressly referred to herein and the Plan embody the complete agreement and understanding between the parties and supersede and preempt any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way. The Participant acknowledges that the Restricted Shares granted pursuant to this Agreement shall not be entitled to any rights, privileges or benefits under that certain Restricted Shares Award Agreement among the Company, Huron Consulting Group, LLC, HCG Holdings LLC and Participant.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand, all as of the day and year first above written.

HURON CONSULTING GROUP INC.

/s/ Kathleen M. Johnston

By: Kathleen M. Johnston
Its: Vice President

PARTICIPANT:

/s/ Gary E. Holdren

Gary E. Holdren

EXHIBIT A

ELECTION TO INCLUDE STOCK IN GROSS INCOME PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned purchased 300,000 shares of Class B nonvoting common stock (the "**Shares**") of Huron Consulting Group Inc. (the "**Company**") on December 31, 2002. Under certain circumstances, the Company and/or its subsidiary has the right to repurchase certain of the Shares at cost from the undersigned (or from the holder of the Shares, if different from the undersigned) should the undersigned cease to be employed by the Company and its subsidiaries. Hence, the Shares are subject to a substantial risk of forfeiture and are non-transferable. The undersigned desires to make an election to have the Shares taxed under the provision of Code Section 83(b) at the time he purchased the Shares.

Therefore, pursuant to Code Section 83(b) and Treasury Regulation Section 1.83-2 promulgated thereunder, the undersigned hereby makes an election, with respect to the Shares (described below), to report as taxable income for calendar year 2003 the excess (if any) of the Shares' fair market value on December 31, 2002 over the purchase price thereof.

The following information of the undersigned is supplied in accordance with Treasury Regulation Section 1.83-2(e):

1. Name: Gary E. Holdren
Address: ____

____

Social Security Number: ________________________________

2. A description of the property with respect to which the election is being made: 300,000 shares of Class B nonvoting common stock of the Company.

3. The date on which the property was transferred: ________________________________.

4. The taxable year for which such election is made: calendar 2002.

5. The restrictions to which the property is subject: If the undersigned ceases to be employed by the Company or any of its subsidiaries, the unvested portion of the Shares are forfeited and the vested portion of the Shares will be subject to repurchase by the Company at fair market value. One-quarter of the Shares vest on each of the first four anniversaries of the Grant Date; however, vesting shall accelerate upon the occurrence of specified events.

6. The fair market value on December 31, 2002 of the property with respect to which the election is being made, determined without regard to any lapse restrictions: $.01 per Share.

7. The amount paid for such property: $.01 per Share.

A copy of this election has been furnished to the Secretary of the Company pursuant to Treasury Regulations Section 1.83-2(e)(7).

Dated: ______________________________, _____

____

Exhibit 10.13

HURON CONSULTING GROUP INC.
2002 EQUITY INCENTIVE PLAN
(Effective as of August 8, 2002)

HURON CONSULTING GROUP INC.

2002 EQUITY INCENTIVE PLAN

(Effective as of August 8, 2002)

1. PURPOSE.

The Huron Consulting Group Inc. 2002 Equity Incentive Plan (the "Plan") was established by Huron Consulting Group Inc. (the "Company") effective as of August 8, 2002 to attract and retain persons eligible to participate in the Plan, to motivate Participants to achieve long-term Company goals and to further align Participants' interests with those of the Company's shareholders. No Award shall be granted hereunder on or after the date ten (10) years after the Effective Date. Certain terms used herein are defined as set forth in Section 14.

2. ADMINISTRATION; ELIGIBILITY.

The Plan shall be administered by the Board or a Committee appointed by the Board. As used herein, the term "Administrator" means the Board or a Committee appointed by the Board to administer the Plan.

The Administrator shall have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Participation shall be limited to such persons as are selected by the Administrator. Awards may be granted as alternatives to, in exchange or substitution for, or replacement of, awards outstanding under the Plan or any other plan or arrangement of the Company or any Subsidiary (including a plan or arrangement of a business entity, all or a portion of which is acquired by the Company or any Subsidiary). The provisions of Awards need not be the same with respect to each Participant.

Among other things, the Administrator shall have the authority, subject to the terms of the Plan:

(a) to select the Eligible Individuals to whom Awards may from time to time be granted;

(b) to determine whether and to what extent Equity Options, Equity Appreciation Rights, Equity Awards or any combination thereof are to be granted hereunder;

(c) to determine the number of Shares to be covered by each Award granted hereunder;

(d) to approve forms of agreement for use under the Plan;

(e) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder (including, but not limited to, the option price, any vesting restriction or limitation, any vesting acceleration or forfeiture waiver and any right of repurchase, right of first refusal or other transfer restriction regarding any Award and the Shares relating thereto, based on such factors or criteria as the Administrator shall determine);

(f) subject to Section 14(a), to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time, including, but not limited to, with respect to (i) performance goals and targets applicable to performance-based Awards pursuant to the terms of the Plan and (ii) extension of the post-termination exercisability period of Equity Options;

(g) to determine to what extent and under what circumstances amounts payable with respect to an Award shall be deferred;

(h) to determine the Fair Market Value; and

(i) to determine the type and amount of consideration to be received by the Company for any Equity Award issued under Section 6.

The Administrator shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto), to supervise the administration of the Plan and to take all other actions necessary or advisable with respect to the interpretation or operation of the Plan.

Except to the extent prohibited by applicable law, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person or persons selected by it. Any such allocation or delegation may be revoked by the Administrator at any time. The Administrator may authorize any one or more of their members or any officer of the Company to execute and deliver documents on behalf of the Administrator.

Any determination made by the Administrator or pursuant to delegated authority pursuant to the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Administrator or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Administrator or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Participants.

No member of the Administrator (or a delegate of the Administrator), and no officer of the Company, shall be liable for any action taken or omitted to be taken by such individual or by any other member of the Administrator or officer of the Company in connection with the performance of duties under this Plan, except for such individual’s own willful misconduct or as expressly provided by law.

3. SHARES SUBJECT TO PLAN.

Subject to adjustment as provided in this Section 3, the aggregate number of Shares that may be awarded or made subject to Awards under the Plan shall not exceed four million five hundred thousand (4,500,000) Shares.

To the extent any Shares covered by an Award are not delivered to a Participant or beneficiary thereof because the Award expires, is forfeited, canceled or otherwise terminated, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and may be made subject to a new Award under the Plan.

In the event of a merger, consolidation, reorganization, recapitalization, stock split, stock dividend, extraordinary dividend, or other similar change in the structure or capitalization of Company, the Administrator may make, in its sole discretion, an appropriate adjustment to the (a) number and kind of Shares or other securities, cash or property that may be delivered under the Plan, (b) number and kind of Shares or other securities, cash or property subject to outstanding Awards, (c) exercise price of outstanding Equity Options and Equity Appreciation Rights and (d) other characteristics or terms of the Awards as the Administrator may determine appropriate to equitably reflect such transaction, change, or distribution.

4. <u>EQUITY OPTIONS.</u>

Equity Options may be granted alone or in addition to other Awards granted under the Plan. Any Equity Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

The Administrator shall have the authority to grant any Participant Equity Options (with or without Equity Appreciation Rights).

Equity Options shall be evidenced by Award agreements or notices, in a form or forms approved by the Administrator. The grant of an Equity Option shall occur as of the date the Administrator determines.

Except as otherwise provided in the applicable Award agreement, Equity Options granted under this Section 4 shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Administrator shall deem desirable:

(a) *Exercise Price.* The exercise price per Share purchasable under an Equity Option shall be determined by the Administrator.

(b) *Option Term.* The term of each Equity Option shall be fixed by the Administrator, but no Equity Option shall be exercisable more than ten (10) years after the date the Equity Option is granted.

(c) *Exercisability.* Except as otherwise provided herein, Equity Options shall be exercisable at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator. If the Administrator provides that any Equity Option is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Option.

(d) *Method of Exercise.* Subject to the provisions of this Section 4, exercisable Equity Options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares subject to the Equity Option to be purchased. The option price of any Equity Option shall be paid in full in cash (by certified or bank check or such other instrument as the Company may accept). No Shares shall be issued upon exercise of an Equity Option until full payment therefor has been made. The Equity Option may not be exercised unless the Participant agrees to be bound by such documents as the Administrator may require and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Option (or a portion thereof), the Company shall have a reasonable time to issue the Shares for which the Equity Option has been exercised. No adjustment shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company's official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(e) *Transferability of Equity Options.* Except as otherwise provided in the applicable Award agreement, an Equity Option shall not be transferable except by will or the laws of descent and distribution. An Equity Option shall be exercisable, during the Optionee's lifetime, only by the Optionee or by the guardian or legal representative of the Optionee, it being understood that the terms "holder" and "Optionee" include the guardian and legal representative of the Optionee named in the applicable Award agreement and any person to whom the Equity Option is transferred (X) pursuant to the first sentence of this Section 4(e) or pursuant to the applicable Award agreement or (Y) by will or the laws of descent and distribution. Notwithstanding the foregoing, references herein to the termination of an Optionee's employment or provision of services shall mean the termination of employment or provision of services of the person to whom the Equity Option was originally granted.

(f) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of death, any Equity Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(g) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Disability, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, an unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(h) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Retirement, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, any unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(i) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates for any reason other than death, Disability or Retirement, any Equity Option held by such Optionee shall thereupon terminate; provided, however, that, if such termination of employment or provision of services is involuntary on the part of the Optionee and without Cause, such Equity Option, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, may be exercised for the lesser of ninety (90) days from the date of such termination of employment or provision of services and the remainder of such Equity Option's term, and provided, further, that if the Optionee dies within such period, any unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(j) *Participant Loans.* The Administrator may in its discretion authorize the Company to:

(i) lend to an Optionee an amount equal to such portion of the exercise price of an Equity Option as the Administrator may determine; or

(ii) guarantee a loan obtained by an Optionee from a third-party for the purpose of tendering such exercise price.

The terms and conditions of any loan or guarantee, including the term, interest rate, whether the loan is with recourse against the Optionee and any security interest thereunder, shall be determined by the Administrator, except that no extension of credit or guarantee shall obligate the Company for an amount to exceed the lesser of (i) the aggregate Fair Market Value on the date of exercise of the Shares to be purchased upon the exercise of the Equity Option, and (ii) the amount permitted under applicable law.

5. EQUITY APPRECIATION RIGHTS.

Equity Appreciation Rights may be granted either on a stand-alone basis or in conjunction with all or part of any Equity Option granted under the Plan, either at or after the time of grant of such Equity Option. An Equity Appreciation Right shall terminate and no longer be exercisable as determined by the Administrator, or, if granted in conjunction with all or part of any Equity Option, upon the termination or exercise of the related Equity Option.

An Equity Appreciation Right may be exercised by a Participant as determined by the Administrator in accordance with this Section 5, and, if granted in conjunction with all or part of any Equity Option, by surrendering the applicable portion of the related Equity Option in accordance with procedures established by the Administrator. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 5. Equity Options that have been so surrendered, if any, shall no longer be exercisable to the extent the related Equity Appreciation Rights have been exercised.

Except as otherwise provided in the applicable Award agreement, Equity Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Administrator at the time of grant, including the following:

(a) *Exercisability.* Equity Appreciation Rights granted on a stand-alone basis shall be exercisable only at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator. Equity Appreciation Rights granted in conjunction with all or part of any Equity Option shall be exercisable only at the time or times and to the extent that the Equity Options to which they relate are exercisable in accordance with the provisions of Section 4 and this Section 5. If the Administrator provides that any Equity Appreciation Right is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Appreciation Right.

(b) *Method of Exercise.* Subject to the provisions of this Section 5, exercisable Equity Appreciation Rights may be exercised, in whole or in part, at any time during the term of the Equity Appreciation Right by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares in respect of which the Equity Appreciation Right is to be exercised. Upon the exercise of an Equity Appreciation Right, a Participant shall be entitled to receive an amount in cash, Shares or both, which in the aggregate are equal in value to the excess of the Fair Market Value of one Share over (i) such value per Share as shall be determined by the Administrator as the time of grant (if the Equity Appreciation Right is granted on a stand-alone basis), or (ii) the exercise price per Share specified in the related Equity Option (if the Equity Appreciation Right is granted in conjunction with all or part of any Equity Option), multiplied by the number of Shares in respect of which the Equity Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment. If the Administrator determines that the form of payment may include Shares, no Shares shall be issued upon exercise of an Equity Appreciation Right unless the Participant agrees to be bound by such documents as the Administrator may require and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Appreciation Right (or a portion thereof), the Company shall have a reasonable time to issue any Shares for which the Equity Appreciation Right has been exercised that the Administrator determines may be issued. No adjustments shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company's official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(c) *Transferability of Equity Appreciation Rights.* An Equity Appreciation Right shall be transferable only to, and shall be exercisable only by, such persons on the same basis as permitted in connection with Equity Options under Section 4(e).

(d) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of death, any Equity Appreciation Right held by such Participant may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(e) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Disability, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, an unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(f) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Retirement, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, any unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(g) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates for any reason other than death, Disability or Retirement, any Equity Appreciation Right held by such Participant shall thereupon terminate; provided, however, that, if such termination of employment or provision of services is involuntary on the part of the Participant and without Cause, such Equity Appreciation Right, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, may be exercised for the lesser of 90 days from the date of such termination of employment or provision of services and the remainder of such Equity Appreciation Right's term, and provided, further, that if the Participant dies within such period, any unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

6. EQUITY AWARDS OTHER THAN OPTIONS.

Equity Awards may be directly issued under the Plan (without any intervening options), subject to such terms, conditions, performance requirements, restrictions, forfeiture provisions, contingencies and limitations as the Administrator shall determine. Equity Awards may be issued that are fully and immediately vested upon issuance or that vest in one or more installments over the Participant's continuing employment or other service to the Company, or any Subsidiary or upon the attainment of specified performance objectives, or the Company may issue Equity Awards that entitle the Participant to receive a specified number of vested Shares upon the attainment of one or more performance goals or service requirements established by the Administrator.

Shares issued pursuant to an Equity Award shall be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of one or more certificates (that may bear appropriate legends referring to the terms, conditions and restrictions applicable to such Award). The Administrator may require that any such certificates be held in custody by the Company until any restrictions thereon shall have lapsed and that the Participant deliver a stock power, endorsed in blank, relating to the Shares covered by such Award.

An Equity Award may be issued in exchange for any consideration that the Administrator may deem appropriate in each individual instance, including, without limitation:

(a) cash or cash equivalents;

(b) past services rendered to the Company or any Subsidiary; or

(c) future services to be rendered to the Company or any Subsidiary.

An Equity Award that is subject to restrictions on transfer and/or forfeiture provisions may be referred to as an award of "Restricted Shares" or "Restricted Share Units."

7. QUALIFIED CHANGE OF CONTROL PROVISIONS; EXTRAORDINARY TRANSACTIONS.

(a) *Impact of Event.* Notwithstanding any other provision of the Plan to the contrary, except as explicitly provided otherwise in an Award agreement, in the event of a Qualified Change of Control:

(i) Outstanding Awards shall be subject to any agreement that effects a Qualified Change of Control, which agreement may provide for:

(A) the continuation of the outstanding Awards by the Company, if the Company survives the Qualified Change of Control;

(B) the assumption of the outstanding Awards by the surviving entity or its parent or subsidiary;

(C) the substitution by the surviving entity or its parent or subsidiary of similar awards for the outstanding Awards;

(D) settlement of each Share subject to an outstanding exercisable and vested Award for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), or, if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled; or

(E) termination of any unexercisable or unvested Awards.

(ii) In the absence of a provision to the contrary contained in any agreement effecting such Qualified Change of Control, unless the Board determines otherwise, simultaneous with a Qualified Change of Control, (A) each Share subject to an outstanding exercisable and vested Award shall be settled for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), (B) if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled, and (C) any unexercisable or unvested Awards shall terminate and be canceled.

(iii) *Definition of Qualified Change of Control.* For purposes of the Plan, a “Qualified Change of Control” means (A) any sale, transfer, issuance or redemption or series of related sales, transfers, issuances or redemptions within a period of six (6) months (or any combination thereof) of securities of the Company by the holders thereof or the Company that results in any person or entity or group of affiliated persons or entities (other than the holders of securities of the Company or such holder’s owners or any of their respective affiliates, including without limitation, Lake Capital and its affiliates) (on a fully diluted basis) as of immediately prior to any such transaction or series of related transactions) owning more than 50% of the outstanding Common Stock, other than pursuant to a Qualified Public Offering, (B) a sale of all or substantially all of the assets of the Company, (C) a Change of Control (as defined in the Operating Agreement) of HCG Holdings; provided that a Permitted Transfer (as defined in the Operating Agreement) shall in no event be deemed to constitute a Qualified Change of Control or (D) any other event designated by the Company’s Board as a Qualified Change of Control; provided in the case of clauses (A), (B) and (C) above, such transaction or series of transactions, shall only be a Qualified Change of Control if it is designated as such by the Company’s Board.

(b) *Qualified Change of Control Consideration.* For purposes of the Plan, “Qualified Change of Control Consideration” means the net consideration (which may consist of any combination of cash or non-cash consideration) received on a per Share basis by a holder of Shares in connection with the Qualified Change of Control (as determined in the sole discretion of the Board). The Administrator shall determine the appropriate valuation of any non-cash consideration.

(c) *Extraordinary Transactions.* Upon, or in anticipation of any Extraordinary

Transaction, as defined below, the Board or the board of directors or comparable authority of any entity assuming all or a portion of the obligations of the Company hereunder (the "Assuming Board"), shall have the right to temporarily suspend the right to exercise any Award to facilitate the Extraordinary Transaction, to provide for the continuation of all or a portion of the Awards granted under the Plan and to make equitable adjustments by such means as determined by the Board or the Assuming Board, as applicable, in its sole discretion, including, without limitation, for example, the (i) cancellation of all or a portion of any Award for a cash payment in an amount equal to the number of Shares subject to the canceled portion of the Award multiplied by the Fair Market Value of an Share, reduced in the case of an Equity Option or Equity Appreciation Right by the exercise price; (ii) substitution of all or a portion of an Award for a similar Award, (iii) conversion of all or a portion of the Shares subject to an Award into cash, other property or securities; (iv) removal of any or all restrictions and conditions on any Award; or (v) giving of written notice to any Participant that his or her Equity Option or Equity Appreciation Right will become immediately exercisable, notwithstanding any waiting period otherwise prescribed, and that any restrictions on any Restricted Shares will immediately lapse, and that the Equity Option or Equity Appreciation Right will be canceled if not exercised within a specified period of days of such notice.

(d) An "Extraordinary Transaction" shall mean any of the following, in each case other than a Qualified Change of Control, (A) the direct or indirect sale or exchange in a single or series of related transactions within a period of six (6) months of Common Stock representing more than 30 percent of the voting power of the outstanding Common Stock; (B) a merger or consolidation to which the Company or any Subsidiary is a party; (C) the sale, exchange, or transfer of all or substantially all of the assets of the Company, any Subsidiary or a division; (D) a liquidation or dissolution of the Company or any Subsidiary; (E) any significant financing or capital restructuring transaction involving the Company or any Subsidiary or their assets; or (F) any other extraordinary transaction involving the Company or any Subsidiary.

8. <u>RESTRICTIVE COVENANTS</u>

Except as explicitly provided otherwise in an Award agreement between the Company and a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Participant's Acknowledgment.* The Participant agrees and acknowledges that:

(i) the Company is and will be engaged in the Business (as defined below) during the term of the Award and thereafter and the Company has a legitimate interest in protecting its goodwill, its relationships with major clients and other business partners and maintaining its trade secrets;

(ii) the Participant will occupy a position of trust and confidence with the

Company and, during the Participant's period of employment with the Company and the term of the Award, the Participant will become familiar with the Company's trade secrets and with other proprietary and Confidential Information concerning the Company, and the Business; and

(iii) the agreements and covenants contained in the Restrictive Covenants are essential to protect the Company and the goodwill of the Business.

The "Business" shall mean the business of providing diversified business consulting services. For purposes of the Restrictive Covenants, the term "Company" shall include the Company, any Subsidiary and any of the Company's or a Subsidiary's assignees, successors in interest and affiliates.

(b) *Non-Solicitation.* Participant agrees that during the term of the Participant's employment with the Company and during the term of the Award, and for two (2) years after the termination of the Award or, if later, the Participant's Termination (the "Restricted Period"), the Participant will not (except on behalf of the Company), directly or indirectly, solicit business from (i) any person, firm, corporation or other entity on whose behalf the Company provided services or that is or was a customer or supplier of the Business during Participant's employment with the Company, or from any successor in interest to any such person, firm, corporation or other entity, or (ii) any person, firm, corporation or other entity that is or was a prospective client or customer of the Business and to whom the Company sought to offer services with respect to the Business during the Participant's employment with the Company, in any case for the purpose of securing business or contracts related to the Business

(c) *Confidential Information.* During the Participant's employment with the Company and thereafter, the Participant shall keep secret and retain in strictest confidence, and shall not, without the prior written consent of the Company, furnish, make available or disclose to any third party or use for the benefit of himself or any third party, any Confidential Information. As used in this Section 8(c), "Confidential Information" shall mean any information relating to the business or affairs of the Company or the Business, including, without limitation, information relating to financial statements, customer identities, potential customers, employees, suppliers, potential acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, profit margins or other proprietary information used by the Company in connection with the Business; provided, however, that 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 the Participant. The Participant agrees to deliver to the Company at the Participant's Termination, 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 he may then possess or have under his control.

(d) *Interference with Relationships.* During the Restricted Period, the Participant shall not, directly or indirectly, as employee, agent, consultant, stockholder, director, co-partner or in any other individual or representative capacity: (i) without the prior written consent of the Company, hire, engage, recruit or solicit for employment or engagement, any person who is (or was within six (6) months of the date such employment, engagement or solicitation commences or occurs, as the case may be) employed or engaged by the Company, or otherwise seek to influence or alter any such person's relationship with the Company, or (ii) solicit or encourage any present or future acquisition target, any current or prospective customer or supplier of the Company to terminate or otherwise alter his, her or its relationship with the Company.

(e) *Inventions and Patents.* The Participant agrees that all inventions, innovations or improvements in the Company's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company belong to the Company. The Participant will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

(f) *Other Businesses.* As long as the Participant is employed by the Company, the Participant agrees that he will not, except with the express written consent of the Board, become engaged in, or render services for, any business other than the business of the Company or any corporation or partnership in which the Company has an equity interest; provided that nothing contained herein will prevent the Participant from engaging in business activities that do not result in the Participant spending a material portion of his business time monitoring such investment(s) and such businesses do not compete with the business of the Company or any corporation or partnership in which the Company has an equity interest.

(g) *Remedies.* The Participant acknowledges and agrees that the covenants (including the time and scope limits) set forth in this Section 8 (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 the Participant breaches any of the terms of the Restrictive Covenants, and that in the event of the Participant's actual or threatened breach of any such Restrictive Covenants, the Company will have no adequate remedy at law. The Participant accordingly agrees that in the event of any actual or threatened breach by him 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, subject to hearing as soon thereafter as possible. 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 any damages which it is able to prove.

(h) *Blue-Pencil.* The Participant recognizes that the area, time and scope limitations set forth in the Restrictive Covenants are reasonable and are properly required for the protection of the Company's legitimate interest in customer relationships, goodwill and trade secrets, and in the event that any such area, time or scope limitation is deemed to be unreasonable by a court of competent jurisdiction, the Company and the Participant agree, and the Participant submits, to the reduction of any or all of said area, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances. If such partial enforcement is not possible, the provision shall be deemed severed, and the remaining provisions of this Section 8 shall remain in full force and effect. The Participant acknowledges that this Section 8 shall survive Participant's Termination and the time periods under the Restrictive Covenants shall be tolled during the period of any breach.

9. REPURCHASE OPTION

Except as explicitly provided otherwise in an Award agreement between the Company and a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Generally.* Upon the Participant's Termination or the Participant's violation of any of the Restrictive Covenants, all Shares attributable to the Award (collectively, the "Available Securities"), whether held by Participant or one or more of Participant's transferees (individually, a "Holder" and collectively, the "Holders"), shall be subject to repurchase by the Company pursuant to this Section 9 (the "Repurchase Option").

(b) *Repurchase Price.* The purchase price (the "Repurchase Price") for each of the vested Available Securities shall be the Fair Market Value of a Share, as of the date of Termination, as determined by the Administrator; provided, however, that if the Participant's service as an employee of the Company or any Subsidiary was terminated for Cause or the Participant violated any Restrictive Covenant, then the Repurchase Price for each of the vested Available Securities shall be the lesser of the Fair Market Value of a Share and the amount paid, if any, for each of the vested Available Securities. The Repurchase Price for any unvested Shares subject to an Award shall be the par value of such Shares.

(c) *Company's Right to Purchase.* The Company may (but shall not be obligated to) elect to purchase all or any portion of the Available Securities on the terms contained in this Section 9 by delivering written notice (the "Repurchase Notice") to each Holder within one year after the later of the date of Termination or the date that the Company makes a determination that the Participant violated a Restrictive Covenant. The Repurchase Notice shall set forth the number and amount of Available Securities to be acquired from each Holder, the aggregate consideration to be paid for such securities and the time and place for the closing of such purchase.

(d) *Closing; Manner of Payment.* The purchase of Available Securities pursuant to this Section 9 shall be consummated (the "Closing") at the Company's principal office at 10:00 a.m., local time, on the thirtieth (30^{th}) day next following the date of delivery of the Repurchase Notice, or on such later day as designated by the Company, in its sole discretion, upon not less than ten days prior notice to each Holder of Available Securities to be purchased (the "Closing Date"). If said date is a Saturday, Sunday or legal holiday, the Closing shall occur at the same time and place on the next succeeding business day. The Company shall pay for the Available Securities to be purchased pursuant to the Repurchase Option in two equal installments, payable on the first and second anniversaries of the Closing Date, plus interest on the outstanding balance at the prime rate as publicly announced by The Northern Trust Company or its successor and in effect on Closing Date, compounded annually. The Company may, at any time in its discretion and without notice to any person, prepay all or any portion the outstanding balance and accrued interest without penalty against the Company or any other person. Notwithstanding the foregoing, the Company shall be entitled to offset from amounts due Participants hereunder an amount equal to all (or a portion) of any amounts then owed by the Participant to the Company or any Subsidiary. The Company shall be entitled to receive customary representations and warranties as to ownership, title, authority to sell and the like from the Holders regarding such sale, to require any and each Holder's signature to be guaranteed and to receive such other evidence, including applicable inheritance and estate tax waivers, as may reasonably be necessary to effect the purchase of the Available Securities.

(e) *Assignment of Right.* The Company may assign its Repurchase Option for all or a portion of the Available Securities.

(f) *Extension of Repurchase Option*. Notwithstanding anything to the contrary contained herein, all repurchases of the Available Securities by the Company shall be subject to applicable restrictions contained in the Delaware General Corporation Law and in the Company's and its subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the repurchase of the Available Securities hereunder to which the Company is otherwise entitled, the Company may make such repurchases as soon as it is permitted to do so under such restrictions.

10. <u>RESTRICTIONS ON TRANSFER OF SHARES</u>

Except as explicitly provided otherwise in an Award agreement to a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Retention of Participant Securities.* Prior to the seventh anniversary of the date of a Holder's (as defined in Section 9(a)) acquisition of any Available Securities (as defined in Section 9(a)), no Holder shall sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) or enter into any agreement to sell, assign, transfer, pledge or dispose of (individually and collectively, a "Transfer") any interest in any Available Securities, except pursuant to (i) the provisions of Sections 9 or 12 or (ii) the provisions of Section 10(d) below (collectively, "Exempt Transfers").

(b) *Transfer of Participant Securities.* On or following the seventh anniversary of the date of a Holder's acquisition of any Available Securities, a Holder shall not make any Transfer of any Available Securities other than an Exempt Transfer, except subject to the first refusal rights of the Company pursuant to the provisions of this Section 10(b) and Section 10(c). At least ninety (90) days prior to making any proposed Transfer to a person other than the Company, a Holder shall deliver a written notice (the "Sale Notice") to the Company. The Sale Notice will disclose in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the proposed Transfer. Each Holder agrees not to consummate any such Transfer until ninety (90) days after the Sale Notice has been delivered to the Company, unless the parties to the Transfer have been finally determined pursuant to this Section 10 prior to the expiration of such ninety (90) day period (the date of the first to occur of such events is referred to herein as the "Authorization Date"); provided that in no event shall any Transfer of Available Securities for consideration pursuant to this Section 10 be made for any consideration other than United States dollars payable upon consummation of such Transfer or in installments over time.

(c) *First Refusal Rights.* The Company may elect to purchase all of the Available Securities to be Transferred upon the same terms and conditions as those set forth in the Sale Notice by delivering a written notice of such election to the Holder within sixty (60) days after the receipt of the Sale Notice by the Company. The Company shall be given up to forty five (45) days to consummate the purchase and sale of Available Securities. In the event that the Company has not elected to purchase the Available Securities referred to in the relevant Sale Notice by delivery of a written notice of such election on or before the Authorization Date, the Holder may, during the sixty (60) day period immediately following the Authorization Date, subject to the provisions of this Section 10, Transfer the Available Securities specified in the Sale Notice at a price and on terms no more favorable to the transferee(s) thereof than specified in the Sale Notice. Following such Transfer such shares shall continue to be subject to Section 10(c) and Section 12 hereof, and pursuant to such Transfer the Holder shall deliver to the Company an acknowledgment from such transferee of such transferee's obligations hereunder. Any shares of Available Securities not transferred within such 60-day period will be subject to the provisions of this Section 10(c) upon subsequent Transfer.

(d) *Certain Permitted Transfers.* The restrictions contained in this Section 10 shall not apply with respect to Transfers of Available Securities (i) pursuant to applicable laws of descent and distribution or (ii) among a Participant's family group; provided that the restrictions contained in this Section 10 will continue to be applicable to the Available Securities after any such Transfer and the transferees of such Available Securities have agreed in writing to be bound by the provisions of this Plan prior to any such Transfer. A Participant's "family group" means the Participant's spouse and direct lineal descendants (whether natural or adopted) and any trust solely for the benefit of the Participant and/or the Participant's spouse and/or direct lineal descendants. At least sixty (60) days prior to making any Transfer of Available Securities pursuant to this Section 10(d), a Participant will deliver a written notice (the "Transfer Notice") to the Company. The Transfer Notice will disclose in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the proposed Transfer.

(e) *Pledges.* Notwithstanding anything to the contrary herein contained, no Holder of Available Securities may pledge any such securities without the prior written consent of the Company given after the date hereof.

(f) *Assignment of Right.* The Company may assign its rights under this Section 10 for all or a portion of the Available Securities.

(g) *Duration of Restrictions.* The provisions of this Section 10 shall terminate upon the occurrence of a Qualified Public Offering.

11. ADDITIONAL RESTRICTIONS ON TRANSFER.

(a) *Legend.* The certificates representing the Available Securities owned by a Participant or the Participant's family group will bear the following legend:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME ARE REGISTERED AND QUALIFIED IN ACCORDANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND PROVISIONS OF THE HURON CONSULTING GROUP INC. 2002 EQUITY INCENTIVE PLAN AND AN AWARD AGREEMENT, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED TO THE STOCKHOLDER ON REQUEST TO THE SECRETARY OF THE COMPANY. SUCH EQUITY INCENTIVE PLAN AND AWARD AGREEMENT PROVIDE, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS

CERTIFICATE AND THAT SUCH SECURITIES MAY BE SUBJECT TO PURCHASE BY THE COMPANY UPON THE OCCURRENCE OF CERTAIN EVENTS. ANY ISSUANCE, SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE OTHER THAN IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE EQUITY INCENTIVE PLAN AND THE AWARD AGREEMENT SHALL BE NULL AND VOID."

(b) *Opinion of Counsel.* No Holder of Available Securities may sell, Transfer or dispose of any Available Securities (except pursuant to an effective registration statement under the Securities Act) without first delivering to the Company an opinion of counsel reasonably acceptable in form and substance to the Company that registration under the Securities Act is not required in connection with such Transfer.

12. SALE OF THE COMPANY.

(a) *The Sale.* If the Board approves the sale of the Company to an independent third party (whether by merger, consolidation, sale of all or substantially all of its assets or sale of greater than eighty percent (80%) of the outstanding capital stock of the Company) (an "Approved Sale"), the Holders of Available Securities will consent to and raise no objections to the Approved Sale, waive any appraisal or dissenters' rights in respect of such Approved Sale, and take all other actions reasonably necessary or desirable to cause the consummation of such Approved Sale on the terms and conditions approved by the Board, including, without limitation (i) if the Approved Sale is structured as a sale of greater than eighty percent (80%) of the outstanding equity securities of the Company, the Holders of Available Securities will sell of their shares of Available Securities and rights to acquire shares of Available Securities on the terms and conditions approved by the Board, (ii) if the Approved Sale is structured as a merger or consolidation, the Holders of Available Securities will vote in favor thereof and will not exercise any appraisal or dissenters' rights they may have under any applicable law and (iii) if the Approved Sale is structured as a sale of all or substantially all of the assets of the Company, the Holders of Available Securities will vote in favor thereof and, if applicable, will vote in favor of the subsequent dissolution and liquidation of the Company. The Holders of Available Securities shall be severally obligated to join (on a basis not to exceed such Holder's pro rata share of the proceeds from such Approved Sale) in any indemnification or other obligations to which the Board agrees in connection with such Approved Sale (other than any such obligations that relate specifically to a particular Holder of Available Securities, such as indemnification with respect to representations and warranties given by a Holder of Available Securities regarding such Holder's title to an ownership of Available Securities, as to which obligations each such Holder shall be solely liable). For purposes of this Section 12, an "independent third party" is any person who does not own in excess of five percent (5%) of the capital stock of the Company on a fully diluted basis, who is not controlling, controlled by or under common control with any such five percent (5%) owner of the capital stock of the Company on a fully diluted basis and who is not the spouse, ancestor or descendant (by birth or adoption) of any such five percent (5%) owner of the capital stock of the Company on a fully diluted basis.

(b) *Conditions to Sellers' Obligations.* The obligations of the Holders of Available Securities with respect to an Approved Sale of the Company are subject to the satisfaction of the condition that upon consummation of the Approved Sale, all of the holders of the class of capital stock of the Company will receive the same form and amount of consideration per share of the capital stock of the Company, or if any holders of a class of capital stock of the Company are given an option as to the form and amount of consideration to be received, all holders of such class will be given the same option.

(c) *Rule 506 Purchaser Representative.* If the Company or the holders of the Company's securities enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by the Securities Exchange Commission under the Securities Act may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the Holders of Available Securities will, at the request of the Company, appoint a purchaser representative (as such term is defined in Rule 501 (or any similar rule then in effect) promulgated by the Securities Exchange Commission under the Securities Act) reasonably acceptable to the Company. If any Holder of Available Securities appoints the purchaser representative designated by the Company, the Company will pay the fees of such purchaser representative, but if any Holder of Available Securities declines to appoint the purchaser representative designated by the Company, such Holder will appoint another purchaser representative (reasonably acceptable to the Company), and such Holder will be responsible for the fees of the purchaser representative so appointed.

(d) *Duration of Restrictions.* The provisions of this Section 12 shall terminate upon the earlier to occur of (i) an Approved Sale and (ii) a Qualified Public Offering.

13. EFFECT ON TERMINATION. The provisions contained in **Sections 8, 9, 10, 11, 12 and 14** and this **Section 13** shall remain in full force and effect after the expiration of the Award and after the Participant's Termination.

14. MISCELLANEOUS.

(a) *Amendment.* The Board may amend, alter, or discontinue the Plan at any time and may amend any Award theretofore granted, but no amendment, alteration or discontinuation shall be made which would adversely affect the rights of a Participant under an Award theretofore granted without the Participant's consent, except such an amendment (i) made to avoid an expense charge to the Company or any Subsidiary, or (ii) made to permit the Company or any Subsidiary a deduction under the Code. No such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by law, agreement or the rules of any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are listed.

(b) *Unfunded Status of Plan.* It is intended that this Plan be an "unfunded" plan for incentive and deferred compensation. The Administrator may authorize the creation of trusts or other arrangements to meet the obligations created under this Plan to deliver Shares or make payments, provided that, unless the Administrator otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of this Plan.

(c) *General Provisions*.

(i) The Administrator may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Administrator deems appropriate to reflect any restrictions on transfer. All certificates for Shares or other securities delivered under the Plan shall be subject to such transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are then listed and any applicable Federal or state securities law, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(ii) Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting other or additional compensation arrangements for its employees.

(iii) The adoption of the Plan shall not confer upon any employee, director, consultant or advisor any right to continued employment, directorship or service, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment or service of any employee, consultant or advisor at any time.

(iv) No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld or accounted for with respect to such amount. The obligations of the Company under the Plan shall be conditional on such payment or arrangements having been made and the Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Administrator may establish such procedures as it deems appropriate for the settlement of withholding obligations with Shares.

(v) The Administrator shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of the Participant's death are to be paid.

(vi) Any amounts owed to the Company or any Subsidiary by the Participant of whatever nature may be offset by the Company from the value of any Shares, cash or other thing of value under this Plan, and no Shares, cash or other thing of value under this Plan shall be transferred unless and until all disputes between the Company any Subsidiary and the Participant have been fully and finally resolved and the Participant has waived all claims to such against the Company and any Subsidiary.

(vii) The grant of an Award shall in no way affect the right of the Company or any Subsidiary to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

(viii) If any payment or right accruing to a Participant under this Plan (without the application of this Section 14(c)(viii)), either alone or together with other payments or rights accruing to the Participant from the Company or any Subsidiary ("Total Payments") would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under this Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code; provided, however, that the foregoing shall not apply to the extent provided otherwise in an Award or in the event the Participant is party to an agreement with the Company or any Subsidiary that explicitly provides for an alternate treatment of payments or rights that would constitute "parachute payments." The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Administrator in good faith after consultation with the Participant, and such determination shall be conclusive and binding on the Participant. The Participant shall cooperate in good faith with the Administrator in making such determination and providing the necessary information for this purpose.

(ix) To the extent that the Administrator determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Administrator in its discretion may modify those restrictions as it determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(x) The headings contained in this Plan are for reference purposes only and shall not affect the meaning or interpretation of this Plan.

(xi) If any provision of this Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not effect any other provision hereby, and this Plan shall be construed as if such invalid or unenforceable provision were omitted.

(xii) This Plan shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon a Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant's heirs, legal representatives and successors.

(xiii) This Plan and each agreement granting an Award constitute the entire agreement with respect to the subject matter hereof and thereof, provided that in the event of any inconsistency between this Plan and such agreement, the terms and conditions of the Plan shall control.

(xiv) In the event there is an effective registration statement under the Securities Act pursuant to which any Common Stock (or equity interests into which the Shares have been converted) shall be offered for sale in an underwritten offering, a Participant shall not, during the period requested by the underwriters managing the registered public offering, effect any public sale or distribution of Shares received, directly or indirectly, as an Award or pursuant to the exercise or settlement of an Award.

(xv) Neither the Company any Subsidiary, or the Administrator shall have any duty or obligation to disclose affirmatively to a record or beneficial holder of Shares or an Award, and such holder shall have no right to be advised of, any material information regarding the Company or any Subsidiary at any time prior to, upon or in connection with receipt or the exercise of an Award or the Company's purchase of Shares or an Award from such holder in accordance with the terms hereof.

(xvi) This Plan, and all Awards, agreements and actions hereunder, shall be governed by, and construed in accordance with, the laws of the state of Delaware (other than its law respecting choice of law).

15. DEFERRAL OF AWARDS.

The Administrator (in its sole discretion) may permit a Participant to:

(a) have cash that otherwise would be paid to such Participant as a result of the exercise of an Equity Appreciation Right or the settlement of an Equity Award credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books;

(b) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or an Equity Appreciation Right converted into an equal number of Share units; or

(c) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or Equity Appreciation Right or the settlement of an Equity Award converted into amounts credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books. Such amounts shall be determined by reference to the Fair Market Value of the Shares as of the date on which they otherwise would have been delivered to such Participant.

A deferred compensation account established under this Section 15 maybe credited with interest or other forms of investment return, as determined by the Administrator. A Participant for whom such an account is established shall have no rights other than those of a general creditor of the Company. Such an account shall represent an unfunded and unsecured obligation of the Company and shall be subject to the terms and conditions of the applicable agreement between such Participant and the Company. If the deferral or conversion of awards is permitted or required, the Administrator (in its sole discretion) may establish rules, procedures and forms pertaining to such awards, including (without limitation) the settlement of deferred compensation accounts established under this Section 15.

16. <u>DEFINITIONS</u>.

For purposes of this Plan, the following terms are defined as set forth below:

(a) *"Award"* means an Equity Appreciation Right, Equity Option or Equity Award.

(b) *"Board"* means the Board of Directors of the Company.

(c) *"Cause"* means (i) the conviction of the Participant for committing a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in the course of fulfilling the Participant's duties as an employee or director of, or consultant or advisor to the Company or any Subsidiary, (iii) willful and deliberate failure on the part of the Participant to perform such duties in any material respect, or (iv) the Participant's engagement in misconduct which is materially injurious to the Company or any Subsidiary. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term "Cause" (or a similar term), such definition shall govern for purposes of determining whether such Participant has been terminated for Cause for purposes of this Plan. The determination of Cause shall be made by the Administrator, in its sole discretion.

(d) *"Code"* means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(e) *"Commission"* means the Securities and Exchange Commission or any successor agency.

(f) *"Common Stock"* means the Class A and Class B common stock of the Company, par value .01 per share.

(g) *"Company"* means Huron Consulting Group Inc., a Delaware corporation.

(h) *"Disability"* means mental or physical illness that entitles the Participant to receive benefits under the long-term disability plan of the Company or any Subsidiary, or if the Participant is not covered by such a plan or the Participant is not an employee of the Company or any Subsidiary, a mental or physical illness that renders a Participant totally and permanently incapable of performing the Participant's duties for the Company or any Subsidiary; provided, however, that a Disability shall not qualify under this Plan if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered or incurred while participating in a criminal offense. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term "Disability" (or a similar term), such definition shall govern for purposes of determining whether such Participant suffers a Disability for purposes of this Plan. The determination of Disability shall be made by the Administrator, in its sole discretion. The determination of Disability for purposes of this Plan shall not be construed to be an admission of disability for any other purpose.

(i) *"Effective Date"* means August 8, 2002.

(j) *"Eligible Individual"* means any officer or employee of the Company or any Subsidiary, any member of the Company's or any Subsidiary's Board of Directors or comparable governing body, or any consultant or advisor providing services to the Company or any Subsidiary.

(k) *"Equity Appreciation Right"* means a right granted under Section 5.

(l) *"Equity Award"* means an Award, other than an Equity Option or Equity Appreciation Right, made in Shares or denominated in Shares.

(m) *"Equity Option"* means an option granted under Section 4.

(n) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(o) *"Fair Market Value"* means, as of any given date, the fair market value of the Shares as determined by the Administrator in its sole discretion or under procedures established by the Administrator, whose determination shall be conclusive and binding.

(p) *"HCG Holdings"* means HCG Holdings LLC, a Delaware limited liability company.

(q) “*Operating Agreement*” means that certain Amended and Restated Operating Agreement of HCG Holdings, dated as of July 9, 2002.

(r) “*Optionee*” means a person who holds an Equity Option.

(s) “*Participant*” means a person granted an Award.

(t) “*Qualified Public Offering*” means the closing of a public offering pursuant to a registration statement declared effective under the Securities Act, covering the offer and sale of any Common Stock of the Company that is designated as a Qualified Public Offering by the Board.

(u) “*Representative*” means (i) the person or entity acting as the executor or administrator of a Participant’s estate pursuant to the last will and testament of a Participant or pursuant to the laws of the jurisdiction in which the Participant had his or her primary residence at the date of the Participant’s death; (ii) the person or entity acting as the guardian or temporary guardian of a Participant; (iii) the person or entity which is the beneficiary of the Participant upon or following the Participant’s death; or (iv) any person to whom an Equity Option has been transferred with the permission of the Administrator or by operation of law; provided that only one of the foregoing shall be the Representative at any point in time as determined under applicable law and recognized by the Administrator.

(v) “*Retirement*” means retirement from active employment under a pension plan of the Company or any Subsidiary, or under an employment contract with any of them, or termination of employment or provision of services at or after age 55 under circumstances which the Administrator, in its sole discretion, deems equivalent to retirement.

(w) “*Securities Act*” means the Securities Act of 1933, as amended.

(x) “*Share*” means Class B common stock, par value .01 per share, of the Company.

(y) “*Subsidiary*” means any person or entity during any period in which more than 50 percent of the ordinary voting power or equity interests of such person or entity are owned or controlled, directly or indirectly, by the Company.

(z) “*Termination*” means the termination of services as an employee of Company and any Subsidiary for any reason.

In addition, certain other terms used herein have the definitions given to them in the first places in which they are used.

EQUITY OPTION AGREEMENT

THIS EQUITY OPTION AGREEMENT (this “Agreement”) dated as of __________ (“Grant Date”) and effective as of ________, is among Huron Consulting Group Inc., a Delaware corporation (the “Company”), Huron Consulting Group LLC, a Delaware limited liability company (“Huron” for purposes of Section 8 and the last sentence of Section 9 hereof) and ____________ (the “Participant”), relating to options granted under the **Huron Consulting Group Inc. 2002 Equity Incentive Plan** (the “Plan”). Capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Equity Option, Equity Option Price and Term.

(a) The Company grants to the Participant an Equity Option to purchase ______ Shares, at a price of $______ per Share, subject to the provisions of the Plan and the terms and conditions herein.

(b) The term of this Equity Option shall be a period of ten (10) years from the Grant Date (the “Option Period”). During the Option Period, the Equity Option shall be exercisable as of the date set forth below according to the percentage set forth opposite such date:

Date	Cumulative Percentage Exercisable
1 year following the Effective Date	**25%**
2 years following the Effective Date	**50%**
3 years following the Effective Date	**75%**
4 years following the Effective Date	**100%**

For the purposes of this Section 1(b), “Effective Date” shall have the meaning given such term in the Senior Management Agreement (as defined below).

(c) The Company shall not be required to issue any fractional Shares pursuant to this Equity Option.

(d) In further consideration of the Equity Option granted hereunder, the Participant reaffirms his obligations under the restrictive covenants set forth in Section 7 of the Senior Management Agreement. With respect to the Participant, each reference to “Restrictive Covenants” in the Plan shall be deemed to be a reference to the restrictive covenants set forth in Section 7 of the Senior Management Agreement and Section 9 of this Agreement, and not to the restrictive covenants set forth in Section 8 of the Plan.

2. Exercise. After the Equity Option becomes exercisable, the Equity Option may only be exercised by the delivery to the Company of a properly completed written notice, in form satisfactory to the Administrator, which notice shall specify the number of Shares to be purchased and the aggregate exercise price for such Shares, together with payment in full of such aggregate exercise price. Payment shall only be made as specified in the Plan. For all purposes of this Agreement, the date of the exercise of the Equity Option shall be the date upon which there is compliance with all such requirements.

3. Accelerated Vesting. Notwithstanding anything to the contrary contained herein or in the Plan, vesting of the Equity Options shall accelerate as follows:

(a) Immediately prior to a Qualified Change of Control, with respect to any Equity Options that are not then exercisable and vested, the vesting of the Participant's unvested Equity Options shall accelerate, if necessary, so that no less than fifty percent (50%) of the Participant's Equity Options granted pursuant to this Agreement shall be vested and exercisable (provided, for the avoidance of doubt, any portion of an Award that may have already vested as of the date such Qualified Change of Control is determined to have occurred shall be included in determining the amount of the Participant's vested Equity Options).

(b) Immediately prior to a Qualified Public Offering, with respect to any Equity Options that are not then exercisable and vested, the vesting of the Participant's unvested Equity Options shall fully accelerate such that all of the Participant's Equity Options shall be vested and exercisable.

(c) Upon termination of the Participant's employment, any Shares then owned by Executive due to the exercise of Equity Options shall be subject to repurchase by the Company in accordance with the provisions of Section 9 of the Plan.

4. Payment of Withholding Taxes. If the Company, or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the exercise of the Equity Option, the Participant shall be required to pay such amount to the Company prior to delivery of Shares. The Participant acknowledges and agrees that he or she is responsible for the tax consequences associated with the grant of the Equity Option and its exercise. The Participant shall not have Shares withheld to satisfy withholding tax obligations that are an amount in excess of the Company's minimum required tax withholding.

5. Changes in Company's Capital Structure. The existence of an Equity Option will not affect in any way the right or authority of the Company to make or authorize (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (b) any merger or consolidation of the Company's capital structure or its business; (c) any merger or consolidation of the Company; (d) any issue of bonds, debentures, preferred or prior preference equity interests ahead of or affecting the Shares or the rights thereof; (e) the dissolution or liquidation of the Company; (f) any sale or transfer of all or any part of the Company's assets or business; or (g) any other corporate act or proceeding, whether of a similar character or otherwise. In the event of a Qualified Change of Control or other restructuring provided for in the Plan, the Participant shall have such rights, and the Administrator shall take such actions, as are provided for in the Plan.

6. Plan. The Equity Option is granted pursuant to the Plan, and the Equity Option and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited.

7. Employment Rights. No provision of this Equity Option Agreement or of the Equity Option granted hereunder shall give the Participant any right to continue in the employ of the Company or any Subsidiary, create any inference as to the length of employment of the Participant, affect the right of the Company or any Subsidiary to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

8. Senior Management Agreement. The Company, Huron and the Participant hereby agree that the grant of an Equity Option evidenced hereby is made in lieu of and in full satisfaction of the provisions of Section 3 of the Senior Management Agreement entered into between Huron and the Participant prior to the date hereof (the "Senior Management Agreement"). The Company, Huron and the Participant hereby agree that the provisions set forth in Section 3 hereof override and supercede the provisions set forth in Section 4 of the Senior Management Agreement. For the avoidance of doubt, the Company, Huron and the Participant hereby agree that the provisions of Section 4 of the Senior Management Agreement are no longer of any effect.

9. Inventions and Patents. In consideration of the grant of this Equity Option, the Participant agrees that all inventions, innovations or improvements in the Company's or any Subsidiary's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company or any Subsidiary belong to the Company and its Subsidiaries. The Participant will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

10. Governing Law. Except as provided in the next sentence, this Equity Option Agreement and the Equity Option granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law). Section 8 of this Agreement only shall in all respects be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to the conflict of laws provisions thereof.

11. Arbitration. Any controversy or claim arising out of or related to (A) the Plan, (B) this Agreement, (C) the breach of the Plan or this Agreement, (D) a Participant's employment with the Company or any of its Subsidiaries or the termination of such employment or (E) 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, effective as of January 1, 2001 (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 36 of the AAA's Commercial Arbitration Rules effective as of September 1, 2000 (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 a Participant in connection with the Participant's employment with the Company or any of its Subsidiaries 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 Employee Retirement Income Security Act of 1974, the Americans with Disability Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any similar federal, state or local statute.

12. Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

13. Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company or Huron, at the address provided below, and the Participant at his address as shown on the Company's payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company:	Huron Consulting Group Inc. c/o Lake Capital Management LLC 676 North Michigan Avenue Suite 3900 Chicago, Illinois 60611 Attn: Joseph P. Karczewski
To Huron:	Huron Consulting Group LLC 550 W. Van Buren Street Suite 800 Chicago, Illinois 60607 Attn: Human Resources Director

14. Complete Agreement. This Agreement, those documents expressly referred to herein, the Plan and the Senior Management Agreement embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and Huron have caused this Equity Option Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand, all as of the day and year first above written.

HURON CONSULTING GROUP INC.

____

By: Kathleen M. Johnston
Its: Vice President

HURON CONSULTING GROUP LLC
For purposes of Section 8 and the last
sentence of Section 9 hereof

____

By: Kathleen M. Johnston
Its: Vice President

PARTICIPANT:

____

Name

AMENDMENT NO. 1 TO THE
HURON CONSULTING GROUP INC.
2002 EQUITY INCENTIVE PLAN

This Amendment No. 1 to the Huron Consulting Group Inc. 2002 Equity Incentive Plan (the “Plan”) is effective as of May 16, 2003.

W I T N E S S E T H:

WHEREAS, pursuant to Section 14(a) of the Plan, the Board of Directors of Huron Consulting Group Inc. (the “Board”) may amend the Plan; and

WHEREAS, the Board has determined to amend the Plan;

NOW, THEREFORE, the Plan is amended as follows:

1. Section 3 of the Plan is hereby amended and restated in its entirety as follows:

3. SHARES SUBJECT TO PLAN.

Subject to adjustment as provided in this Section 3, the aggregate number of Shares that may be awarded or made subject to Awards under the Plan shall not exceed 3,028,500 Shares.

To the extent any Shares covered by an Award are not delivered to a Participant or beneficiary thereof because the Award expires, is forfeited, canceled or is otherwise terminated, the maximum number of Shares available for delivery under the Plan shall be automatically reduced by the number of such Shares, and such Shares shall then be made available for grants of Awards under the Huron Consulting Group Inc. 2003 Equity Incentive Plan.

In the event of a merger, consolidation, reorganization, recapitalization, stock split, stock dividend, extraordinary dividend, or other similar change in the structure or capitalization of Company, the Administrator may make, in its sole discretion, an appropriate adjustment to the (a) number and kind of Shares or other securities, cash or property that may be delivered under the Plan, (b) number and kind of Shares or other securities, cash or property subject to outstanding Awards, (c) exercise price of outstanding Equity Options and Equity Appreciation Rights and (d) other characteristics or terms of the Awards as the Administrator may determine appropriate to equitably reflect such transaction, change, or distribution.

Exhibit 10.15

AMENDED AND RESTATED
HURON CONSULTING GROUP INC.
2002 EQUITY INCENTIVE PLAN (CALIFORNIA)[1]

[1] Formerly known as the Huron Consulting Group Inc. 2002 Equity Incentive Plan (California)

AMENDED AND RESTATED

HURON CONSULTING GROUP INC.

2002 EQUITY INCENTIVE PLAN (CALIFORNIA)

1. PURPOSE.

The Huron Consulting Group Inc. 2002 Equity Incentive Plan (California) (the "Original Plan") was established by Huron Consulting Group Inc. effective as of December 31, 2002, to attract and retain persons eligible to participate in the Original Plan, to motivate Participants to achieve long-term Company goals and to further align Participants' interests with those of the Company's shareholders. The Original Plan was amended and restated on May 1, 2003 in order to clarify certain of its terms and conditions. No Award shall be granted hereunder on or after the date ten (10) years after the Effective Date. Certain terms used herein are defined as set forth in Section 15.

2. ADMINISTRATION; ELIGIBILITY.

The Plan shall be administered by the Board or a Committee appointed by the Board. As used herein, the term "Administrator" means the Board or a Committee appointed by the Board to administer the Plan.

The Administrator shall have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Participation shall be limited to such persons as are selected by the Administrator. Awards may be granted as alternatives to, in exchange or substitution for, or replacement of, awards outstanding under the Plan or any other plan or arrangement of the Company or any Subsidiary (including a plan or arrangement of a business entity, all or a portion of which is acquired by the Company or any Subsidiary). The provisions of Awards need not be the same with respect to each Participant.

Among other things, the Administrator shall have the authority, subject to the terms of the Plan:

(a) to select the Eligible Individuals to whom Awards may from time to time be granted;

(b) to determine whether and to what extent Equity Options, Equity Appreciation Rights, Equity Awards or any combination thereof are to be granted hereunder;

(c) to determine the number of Shares to be covered by each Award granted hereunder;

(d) to approve forms of agreement for use under the Plan;

(e) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder (including, but not limited to, the option price, any vesting restriction or limitation, any vesting acceleration or forfeiture waiver and any right of repurchase, right of first refusal or other transfer restriction regarding any Award and the Shares relating thereto, based on such factors or criteria as the Administrator shall determine);

(f) subject to Section 13(b), to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time, including, but not limited to, with respect to (i) performance goals and targets applicable to performance-based Awards pursuant to the terms of the Plan and (ii) extension of the post-termination exercisability period of Equity Options;

(g) to determine to what extent and under what circumstances amounts payable with respect to an Award shall be deferred;

(h) to determine the Fair Market Value; and

(i) to determine the type and amount of consideration to be received by the Company for any Equity Award issued under Section 6.

The Administrator shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto), to supervise the administration of the Plan and to take all other actions necessary or advisable with respect to the interpretation or operation of the Plan.

Except to the extent prohibited by applicable law, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person or persons selected by it. Any such allocation or delegation may be revoked by the Administrator at any time. The Administrator may authorize any one or more of their members or any officer of the Company to execute and deliver documents on behalf of the Administrator.

Any determination made by the Administrator or pursuant to delegated authority pursuant to the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Administrator or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Administrator or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Participants.

No member of the Administrator (or a delegate of the Administrator), and no officer of the Company, shall be liable for any action taken or omitted to be taken by such individual or by any other member of the Administrator or officer of the Company in connection with the performance of duties under this Plan, except for such individual’s own willful misconduct or as expressly provided by law.

3. <u>SHARES SUBJECT TO PLAN.</u>

Subject to adjustment as provided in this Section 3, the aggregate number of Shares that may be awarded or made subject to Awards under the Plan shall not exceed two hundred and fifty thousand (250,000) Shares.

To the extent any Shares covered by an Award are not delivered to a Participant or beneficiary thereof because the Award expires, is forfeited, canceled or otherwise terminated, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and may be made subject to a new Award under the Plan.

In the event of a merger, consolidation, reorganization, recapitalization, stock split, stock dividend, extraordinary dividend, or other similar change in the structure or capitalization of Company, the Administrator may make, in its sole discretion, an appropriate adjustment to the (a) number and kind of Shares or other securities, cash or property that may be delivered under the Plan, (b) number and kind of Shares or other securities, cash or property subject to outstanding Awards, (c) exercise price of outstanding Equity Options and Equity Appreciation Rights and (d) other characteristics or terms of the Awards as the Administrator may determine appropriate to equitably reflect such transaction, change, or distribution.

4. <u>EQUITY OPTIONS.</u>

Equity Options may be granted alone or in addition to other Awards granted under the Plan. Any Equity Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

The Administrator shall have the authority to grant any Participant Equity Options (with or without Equity Appreciation Rights). Any such Equity Option granted hereunder shall constitute a nonqualified stock option and shall not be treated as an incentive stock option within the meaning of Section 422 of the Code.

Equity Options shall be evidenced by Award agreements or notices, in a form or forms approved by the Administrator. The grant of an Equity Option shall occur as of the date the Administrator determines.

Except as otherwise provided in the applicable Award agreement, Equity Options granted under this Section 4 shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Administrator shall deem desirable:

(a) *Exercise Price.* The exercise price per Share purchasable under an Equity Option shall be determined by the Administrator at the time of grant; provided, however, that, unless otherwise permitted under applicable law, the exercise price (i) may not be less than 85% of the Fair Market Value of the Shares on such date, (ii) in no event be less than the par value of the Shares and (iii) if a Participant owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or of any Parent or Subsidiary, the Exercise Price of an

Equity Option granted to such Participant shall be no less than 110% of the Fair Market Value of the Shares on the date such Equity Option is granted.

(b) *Option Term.* The term of each Equity Option shall be fixed by the Administrator, but no Equity Option shall be exercisable more than ten (10) years after the date the Equity Option is granted.

(c) *Exercisability.* Except as otherwise provided herein, Equity Options shall be exercisable at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator; provided, however, that unless otherwise permitted by applicable law, Equity Options granted to Optionees other than officers, directors, or consultants of the Company or of any of its affiliates shall be exercisable at a rate of at least 20% per year over five (5) years from the date that the Equity Option is granted, subject to reasonable conditions such as continued employment. If the Administrator provides that any Equity Option is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Option.

(d) *Method of Exercise.* Subject to the provisions of this Section 4, exercisable Equity Options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares subject to the Equity Option to be purchased. The option price of any Equity Option shall be paid in full in cash (by certified or bank check or such other instrument as the Company may accept). No Shares shall be issued upon exercise of an Equity Option until full payment therefor has been made. The Equity Option may not be exercised unless the Participant agrees to be bound by such documents as the Administrator may require, including, without limitation, as applicable, the Stock Ownership Agreement described in Section 10 below, and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Option (or a portion thereof), the Company shall have a reasonable time to issue the Shares for which the Equity Option has been exercised. No adjustment shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company's official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(e) *Non-Transferability of Equity Options.* Except as otherwise provided in the applicable Award agreement, an Equity Option shall not be transferable except by will or the laws of descent and distribution. An Equity Option shall be exercisable, during the Optionee's lifetime, only by the Optionee or by the guardian or legal representative of the Optionee, it being understood that the terms "holder" and "Optionee" include the guardian and legal representative of the Optionee named in the applicable Award agreement and any person to whom the Equity Option is transferred (X) pursuant to the first sentence of this Section 4(e) or pursuant to the applicable Award agreement or (Y) by will or the laws of descent and distribution. Notwithstanding the foregoing, references herein to the termination of an Optionee's employment or provision of services shall mean the termination of employment or provision of services of the person to whom the Equity Option was originally granted.

(f) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of death, any Equity Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(g) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Disability, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, an unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(h) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Retirement, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, any unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(i) *Termination by Employer for Cause*. Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services is terminated for Cause, any Equity Option held by such Optionee shall thereupon terminate.

(j) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates for any reason other than Cause, death, Disability or Retirement, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, for a period of the lesser of thirty (30) days from the date of such termination of employment or provision of services and the remainder of such Equity Option's term, and provided, further, that if the Optionee dies within such period, any unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(k) *Participant Loans.* The Administrator may in its discretion authorize the Company to:

(i) lend to an Optionee an amount equal to such portion of the exercise price of an Equity Option as the Administrator may determine; or

(ii) guarantee a loan obtained by an Optionee from a third-party for the purpose of tendering such exercise price.

The terms and conditions of any loan or guarantee, including the term, interest rate, whether the loan is with recourse against the Optionee and any security interest thereunder, shall be determined by the Administrator, except that no extension of credit or guarantee shall obligate the Company for an amount to exceed the lesser of (i) the aggregate Fair Market Value on the date of exercise of the Shares to be purchased upon the exercise of the Equity Option, and (ii) the amount permitted under applicable law.

5. EQUITY APPRECIATION RIGHTS.

Equity Appreciation Rights may be granted either on a stand-alone basis or in conjunction with all or part of any Equity Option granted under the Plan, either at or after the time of grant of such Equity Option. An Equity Appreciation Right shall terminate and no longer be exercisable as determined by the Administrator, or, if granted in conjunction with all or part of any Equity Option, upon the termination or exercise of the related Equity Option.

An Equity Appreciation Right may be exercised by a Participant as determined by the Administrator in accordance with this Section 5, and, if granted in conjunction with all or part of any Equity Option, by surrendering the applicable portion of the related Equity Option in accordance with procedures established by the Administrator. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 5. Equity Options that have been so surrendered, if any, shall no longer be exercisable to the extent the related Equity Appreciation Rights have been exercised.

Except as otherwise provided in the applicable Award agreement, Equity Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Administrator at the time of grant, including the following:

(a) *Exercisability.* Equity Appreciation Rights granted on a stand-alone basis shall be exercisable only at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator. Equity Appreciation Rights granted in conjunction with all or part of any Equity Option shall be exercisable only at the time or times and to the extent that the Equity Options to which they relate are exercisable in accordance with the provisions of Section 4 and this Section 5. If the Administrator provides that any Equity Appreciation Right is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Appreciation Right.

(b) *Method of Exercise.* Subject to the provisions of this Section 5, exercisable Equity Appreciation Rights may be exercised, in whole or in part, at any time during the term of the Equity Appreciation Right by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares in respect of which the Equity Appreciation Right is to be exercised. Upon the exercise of an Equity Appreciation Right, a Participant shall be entitled to receive an amount in cash, Shares or both, which in the aggregate are equal in value to the excess of the Fair Market Value of one Share over (i) such value per Share as shall be determined by the Administrator at the time of grant (if the Equity Appreciation Right is granted on a stand-alone basis), or (ii) the exercise price per Share specified in the related Equity Option (if the Equity Appreciation Right is granted in conjunction with all or part of any Equity Option), multiplied by the number of Shares in respect of which the Equity Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment. If the Administrator determines that the form of payment may include Shares, no Shares shall be issued upon exercise of an Equity Appreciation Right unless the Participant agrees to be bound by such documents as the Administrator may require, including, without limitation, as applicable, the Stock Ownership Agreement described in Section 10 below, and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Appreciation Right (or a portion thereof), the Company shall have a reasonable time to issue any Shares for which the Equity Appreciation Right has been exercised that the Administrator determines may be issued. No adjustments shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company's official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(c) *Non-Transferability of Equity Appreciation Rights.* An Equity Appreciation Right shall be transferable only to, and shall be exercisable only by, such persons on the same basis as permitted in connection with Equity Options under Section 4(e).

(d) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of death, any Equity Appreciation Right held by such Participant may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(e) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Disability, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, an unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(f) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Retirement, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, any unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(g) *Termination by Employer for Cause*. Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services is terminated for Cause, any Equity Appreciation Right held by such Participant shall thereupon terminate.

(h) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates for any reason other than Cause, death, Disability or Retirement, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, for a period of the lesser of thirty (30) days from the date of such termination of employment or provision of services and the remainder of such Equity Appreciation Right's term, and provided, further, that if the Participant dies within such period, any unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

6. EQUITY AWARDS OTHER THAN OPTIONS.

Equity Awards may be directly issued under the Plan (without any intervening options), subject to such terms, conditions, performance requirements, restrictions, forfeiture provisions, contingencies and limitations as the Administrator shall determine and subject to applicable law. Such Equity Awards may not be issued unless the Participant agrees to be bound by such documents as the Administrator may require, including, without limitation, as applicable, the Stock Ownership Agreement described in Section 10 below, and makes such representations and warranties in form and substance acceptable to the Administrator. Equity Awards may be issued that are fully and immediately vested upon issuance or that vest in one or more installments over the Participant's continuing employment or other service to the Company, or any Subsidiary or upon the attainment of specified performance objectives, or the Company may issue Equity Awards that entitle the Participant to receive a specified number of vested Shares upon the attainment of one or more performance goals or service requirements established by the Administrator.

Shares issued pursuant to an Equity Award shall be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of one or more certificates (that may bear appropriate legends referring to the terms, conditions and restrictions applicable to such Award). The Administrator may require that any such certificates be held in custody by the Company until any restrictions thereon shall have lapsed and that the Participant deliver a stock power, endorsed in blank, relating to the Shares covered by such Award.

An Equity Award may be issued in exchange for any consideration that the Administrator may deem appropriate in each individual instance, including, without limitation:

(a) cash or cash equivalents or

(b) past services rendered to the Company or any Subsidiary.

An Equity Award that is subject to restrictions on transfer and/or forfeiture provisions may be referred to as an award of “Restricted Shares” or “Restricted Share Units.”

7. QUALIFIED CHANGE OF CONTROL PROVISIONS; EXTRAORDINARY TRANSACTIONS.

(a) *Impact of Event.* Notwithstanding any other provision of the Plan to the contrary, except as explicitly provided otherwise in an Award agreement, in the event of a Qualified Change of Control:

(i) Outstanding Awards shall be subject to any agreement that effects a Qualified Change of Control, which agreement may provide for:

(A) the continuation of the outstanding Awards by the Company, if the Company survives the Qualified Change of Control;

(B) the assumption of the outstanding Awards by the surviving entity or its parent or subsidiary;

(C) the substitution by the surviving entity or its parent or subsidiary of similar awards for the outstanding Awards;

(D) settlement of each Share subject to an outstanding exercisable and vested Award for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), or, if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled; or

(E) termination of any unexercisable or unvested Awards.

(ii) In the absence of a provision to the contrary contained in any agreement effecting such Qualified Change of Control, unless the Board determines otherwise, simultaneous with a Qualified Change of Control, (A) each Share subject to an outstanding exercisable and vested Award shall be settled for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), (B) if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled, and (C) any unexercisable or unvested Awards shall terminate and be canceled.

(iii) *Definition of Qualified Change of Control.* For purposes of the Plan, a "Qualified Change of Control" means (A) any sale, transfer, issuance or redemption or series of related sales, transfers, issuances or redemptions within a period of six (6) months (or any combination thereof) of securities of the Company by the holders thereof or the Company that results in any person or entity or group of affiliated persons or entities (other than the holders of securities of the Company or such holder's owners or any of their respective affiliates, including without limitation, Lake Capital and its affiliates) as of immediately prior to any such transaction or series of related transactions) owning more than 50% of the outstanding Common Stock (on a fully diluted basis), other than pursuant to a Qualified Public Offering, (B) a sale of all or substantially all of the assets of the Company, (C) a Change of Control (as defined in the Operating Agreement) of HCG Holdings; provided that a Permitted Transfer (as defined in the Operating Agreement) shall in no event be deemed to constitute a Qualified Change of Control or (D) any other event designated by the Company's Board as a Qualified Change of Control; provided in the case of clauses (A), (B) and (C) above, such transaction or series of transactions, shall only be a Qualified Change of Control if it is designated as such by the Company's Board.

(b) *Qualified Change of Control Consideration.* For purposes of the Plan, "Qualified Change of Control Consideration" means the net consideration (which may consist of any combination of cash or non-cash consideration) received on a per Share basis by a holder of Shares in connection with the Qualified Change of Control (as determined in the sole discretion of the Board). The Administrator shall determine the appropriate valuation of any non-cash consideration.

(c) *Extraordinary Transactions.* Upon, or in anticipation of any Extraordinary Transaction, as defined below, the Board or the board of directors or comparable authority of any entity assuming all or a portion of the obligations of the Company hereunder (the "Assuming Board"), shall have the right to temporarily suspend the right to exercise any Award to facilitate the Extraordinary Transaction, to provide for the continuation of all or a portion of the Awards granted under the Plan and to make equitable adjustments by such means as determined by the Board or the Assuming Board, as applicable, in its sole discretion, including, without limitation, for example, the (i) cancellation of all or a portion of any Award for a cash payment in an amount equal to the number of Shares subject to the canceled portion of the Award multiplied by the Fair Market Value of an Share, reduced in the case of an Equity Option or Equity Appreciation Right by the exercise price; (ii) substitution of all or a portion of an Award for a similar Award, (iii) conversion of all or a portion of the Shares subject to an Award into cash, other property or securities; (iv) removal of any or all restrictions and conditions on any Award; or (v) giving of written notice to any Participant that his or her Equity Option or Equity Appreciation Right will become immediately exercisable, notwithstanding any waiting period otherwise prescribed, and that any restrictions on any Restricted Shares will immediately lapse, and that the Equity Option or Equity Appreciation Right will be canceled if not exercised within a specified period of days of such notice.

(d) An “Extraordinary Transaction” shall mean any of the following, in each case other than a Qualified Change of Control, (A) the direct or indirect sale or exchange in a single or series of related transactions within a period of six (6) months of Common Stock representing more than 30 percent of the voting power of the outstanding Common Stock; (B) a merger or consolidation to which the Company or any Subsidiary is a party; (C) the sale, exchange, or transfer of all or substantially all of the assets of the Company, any Subsidiary or a division; (D) a liquidation or dissolution of the Company or any Subsidiary; (E) any significant financing or capital restructuring transaction involving the Company or any Subsidiary or their assets; or (F) any other extraordinary transaction involving the Company or any Subsidiary.

8. <u>RESTRICTIVE COVENANTS.</u>

Except as explicitly provided otherwise in an Award agreement between Huron Consulting Group Inc. and a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged that in order to assure the Company that it will retain its value and that of the Business (as defined below) as a going concern, it is necessary that Participant not disclose or utilize special knowledge of the Company and its relationships with customers in a manner detrimental to the Company. Participant further is deemed to have agreed and acknowledged the following:

(a) *Participant’s Acknowledgment.* The Participant agrees and acknowledges that:

(i) the Company is and will be engaged in the Business (as defined below) during the term of the Award and thereafter and the Company has a legitimate interest in protecting its goodwill, its relationships with major clients and other business partners and maintaining its trade secrets;

(ii) the Participant will occupy a position of trust and confidence with the Company and, during the Participant’s period of employment with the Company and the term of the Award, the Participant will become familiar with the Company’s trade secrets and with other proprietary and Confidential Information concerning the Company, and the Business; and

(iii) the agreements and covenants contained in the Restrictive Covenants (as defined below) are essential to protect the Company and the goodwill of the Business.

The “Business” shall mean the business of providing diversified business consulting services.

(b) *Confidential Information.* As used in this Section 8, “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 Participant.

(c) *Non-Disclosure.* Participant agrees that during employment with the Company and thereafter, Participant shall not disclose or reveal to any person or entity (other than current employees of the Company) any Confidential Information (as defined herein) that Participant obtains while performing services for the Company. Participant further agrees that Participant will not use, disclose or reveal any Confidential Information of the Company, other than in connection with Participant's work for the Company, until such information becomes generally known in the industry through no fault of Participant. Participant further acknowledges and agrees that he or she may have access to, and knowledge of, Confidential Information of third parties which has been provided to the Company. Participant hereby agrees to preserve and protect the confidentiality of third party Confidential Information to the same extent, and on the same basis, as the Company's Confidential Information.

(d) *Non-Solicitation of Clients.* Participant acknowledges that Participant will learn and develop Confidential Information relating to the Company's clients and relating to the Company's servicing of those clients. Participant 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, in consideration of the Award, Participant agrees that (i) during Participant's employment with the Company, Participant will not, directly or indirectly, on Participant's own behalf or on behalf of any other person, firm, corporation or entity, solicit, divert, or appropriate, or attempt to solicit, divert or appropriate, whether for the purpose of competing with the Company or any other purpose, any client or prospective client of the Company and (ii) for a period of twelve (12) months following termination of Participant's employment with the Company, Participant will not, directly or indirectly, on Participant's own behalf or on behalf of any other person, firm, corporation or entity, solicit, divert, or appropriate, or attempt to solicit, divert or appropriate, whether for the purpose of competing with the Company or any other purpose, any client or prospective client of the Company whom Participant:

(i) obtained as a client for the Company and, directly or indirectly, provided services for within the twenty-four (24)-month period immediately preceding termination of Participant's employment; or

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

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

(e) *Non-Interference with Relationships.* Participant shall not, directly or indirectly, solicit, induce or encourage (i) any executive or employee of the Company, or (ii) any customer, client, supplier, lender, independent contractor, consultant, professional advisor or other business relation of the Company to leave, alter or cease his or her relationship with the Company, for any reason whatsoever, during Participant's employment with the Company and for twelve (12) months after termination, for any reason, of Participant's employment with the Company. Participant shall not, directly or indirectly, make disparaging remarks about the Company.

(f) *Inventions and Patents.* The Participant agrees that all inventions, innovations or improvements in the Company's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his or her employment with the Company belong to the Company, other than those inventions, innovations or improvements that Participant develops entirely on Participant's own time without using any resources or Confidential Information of the Company and that either (i) at the time of conception or completion do not relate to the Business of the Company or to anticipated research and development of the Company or (ii) does not result from any work performed by Participant for the Company. The Participant will promptly disclose all inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm ownership in accordance with this provision.

(g) *Other Businesses.* As long as the Participant is employed by the Company, the Participant agrees that his or her duties and responsibilities to the Company will require his or her full business time and effort and agrees that, as long as the Participant is employed by the Company, he or she will not engage in any other business activity or have any business pursuits or interests which materially interfere or conflict with the performance of his or her duties to the Company.

(h) *Blue-Pencil.* The Participant recognizes that the area, time and scope limitations set forth in the Restrictive Covenants are reasonable and are properly required for the protection of the Company's legitimate interest in customer relationships, goodwill and trade secrets, and in the event that any such area, time or scope limitation is deemed to be unreasonable by a court of competent jurisdiction, the Company and the Participant agree, and the Participant submits, to the reduction of any or all of said area, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances. If such partial enforcement is not possible, the provision shall be deemed severed, and the remaining provisions of this Section 8 shall remain in full force and effect. The Participant acknowledges that this Section 8 shall survive Participant's Termination and the time periods under the Restrictive Covenants shall be tolled during the period of any breach.

9. <u>REPURCHASE OPTION.</u>

Except as explicitly provided otherwise in an Award agreement between the Company and a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Generally.* Upon the Participant's Termination or the Participant's violation of any of the Restrictive Covenants, all Shares attributable to the Award (collectively, the "Available Securities"), whether held by Participant or one or more of Participant's transferees (individually, a "Holder" and collectively, the "Holders"), shall be subject to repurchase by the Company pursuant to this Section 9 (the "Repurchase Option"); provided however that, with respect to vested Available Securities, this repurchase right shall terminate upon a Qualified Public Offering.

(b) *Repurchase Price.* The purchase price (the "Repurchase Price") for each of the (i) vested Available Securities shall be the Fair Market Value of a Share, as of the date of Termination and (ii) the unvested Available Securities shall be the lesser of the Fair Market Value of a Share and the amount paid, if any, by the Participant upon exercise or purchase of the Available Securities.

(c) *Company's Right to Purchase.* The Company may (but shall not be obligated to) elect to purchase all or any portion of the Available Securities on the terms contained in this Section 9 by exercising its Repurchase Rights within 90 days of Termination of employment or, in the case of Available Securities issued upon exercise of options after the date of Termination, within 90 days of the date of exercise, whichever is later. The Company shall deliver written notice (the "Repurchase Notice") to each Holder that sets forth the number and amount of Available Securities to be acquired from each Holder, the aggregate consideration to be paid for such securities and the time and place for the closing of such purchase.

(d) *Closing; Manner of Payment.* The purchase of Available Securities pursuant to this Section 9 shall be consummated (the "Closing") at the Company's principal office at 10:00 a.m., local time, upon not less than ten days prior notice to each Holder of Available Securities to be purchased (the "Closing Date"). If said date is a Saturday, Sunday or legal holiday, the Closing shall occur at the same time and place on the next succeeding business day. The Company shall pay for the Available Securities to be purchased pursuant to the Repurchase Option on the Closing Date. The Company shall be entitled to pay the Repurchase Price in cash or by cancellation of purchase money indebtedness, if any, for the Available Securities. The Company shall be entitled to receive customary representations and warranties as to ownership, title, authority to sell and the like from the Holders regarding such sale, to require any and each Holder's signature to be guaranteed and to receive such other evidence, including applicable inheritance and estate tax waivers, as may reasonably be necessary to effect the purchase of the Available Securities.

(e) *Assignment of Right.* The Company may assign its Repurchase Option for all or a portion of the Available Securities.

(f) *Extension of Repurchase Option*. Notwithstanding anything to the contrary contained herein, all repurchases of the Available Securities by the Company shall be subject to applicable restrictions contained in the Delaware General Corporation Law and any other applicable law and in the Company's and its subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the repurchase of the Available Securities hereunder to which the Company is otherwise entitled, the Company may make such repurchases as soon as it is permitted to do so under such restrictions.

10. STOCK OWNERSHIP AGREEMENT.

By accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the terms, conditions and provisions of that certain Stock Ownership Agreement, effective as of May 1, 2003, as may be amended from time to time in accordance with its terms, in connection with the Company's Class A common stock (the "Stock Ownership Agreement"), and the Participant agrees to execute the Stock Ownership Agreement upon acceptance of such Award.

11. ADDITIONAL RESTRICTIONS ON TRANSFER.

(a) *Legend.* The certificates representing the Available Securities owned by a Participant or the Participant's family group will bear the following legend:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME ARE REGISTERED AND QUALIFIED IN ACCORDANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND PROVISIONS OF A STOCK OWNERSHIP AGREEMENT, EFFECTIVE AS OF MAY 1, 2003, THE AMENDED AND RESTATED HURON CONSULTING GROUP INC. 2002 EQUITY INCENTIVE PLAN (CALIFORNIA) AND AN APPLICABLE AWARD AGREEMENT, EACH AS MAY BE AMENDED FROM TIME TO TIME IN

ACCORDANCE WITH ITS TERMS, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED TO THE STOCKHOLDER ON REQUEST TO THE SECRETARY OF THE COMPANY. SUCH STOCK OWNERSHIP AGREEMENT, EQUITY INCENTIVE PLAN AND AWARD AGREEMENT PROVIDE, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE AND THAT SUCH SECURITIES MAY BE SUBJECT TO PURCHASE BY THE COMPANY UPON THE OCCURRENCE OF CERTAIN EVENTS. ANY ISSUANCE, SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE OTHER THAN IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SUCH STOCK OWNERSHIP AGREEMENT, EQUITY INCENTIVE PLAN AND THE AWARD AGREEMENT SHALL BE NULL AND VOID."

(b) *Opinion of Counsel.* No Holder of Available Securities may sell, Transfer or dispose of any Available Securities (except pursuant to an effective registration statement under the Securities Act) without first delivering to the Company an opinion of counsel reasonably acceptable in form and substance to the Company that registration under the Securities Act is not required in connection with such Transfer.

12. EFFECT ON TERMINATION. The provisions contained in **Sections 8, 9, 10 and 11** and this **Section 12** shall remain in full force and effect after the expiration of the Award and after the Participant's Termination.

13. MISCELLANEOUS.

(a) *Stockholder Approval; Effective Date of Plan*. The grant of any Award hereunder shall be contingent upon stockholder approval of the Plan being obtained within 12 months before or after the date the Board adopts the Plan. Subject to the approval of the Plan by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board, the Plan shall be effective as of December 31, 2002 (the "Effective Date").

(b) *Amendment.* The Board may amend, alter, or discontinue the Plan at any time and may amend any Award theretofore granted, but no amendment, alteration or discontinuation shall be made which would adversely affect the rights of a Participant under an Award theretofore granted without the Participant's consent, except such an amendment (i) made to avoid an expense charge to the Company or any Subsidiary, or (ii) made to permit the Company or any Subsidiary a deduction under the Code. No such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by law, agreement or the rules of any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are listed.

(c) *Unfunded Status of Plan.* It is intended that this Plan be an “unfunded” plan for purposes of incentive and deferred compensation. The Administrator may authorize the creation of trusts or other arrangements to meet the obligations created under this Plan to deliver Shares or make payments, provided that, unless the Administrator otherwise determines, the existence of such trusts or other arrangements is consistent with the “unfunded” status of this Plan.

(d) *General Provisions*.

(i) The Administrator may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Administrator deems appropriate to reflect any restrictions on transfer. All certificates for Shares or other securities delivered under the Plan shall be subject to such transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are then listed and any applicable Federal or state securities law, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(ii) Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting other or additional compensation arrangements for its employees.

(iii) The adoption of the Plan shall not confer upon any employee, director, consultant or advisor any right to continued employment, directorship or service, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment or service of any employee, consultant or advisor at any time.

(iv) No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld or accounted for with respect to such amount. The obligations of the Company under the Plan shall be conditional on such payment or arrangements having been made and the Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Administrator may establish such procedures as it deems appropriate for the settlement of withholding obligations with Shares.

(v) The Administrator shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of the Participant's death are to be paid.

(vi) Any amounts owed to the Company or any Subsidiary by the Participant of whatever nature may be offset by the Company from the value of any Shares, cash or other thing of value under this Plan, and no Shares, cash or other thing of value under this Plan shall be transferred unless and until all disputes between the Company any Subsidiary and the Participant have been fully and finally resolved and the Participant has waived all claims to such against the Company and any Subsidiary.

(vii) The grant of an Award shall in no way affect the right of the Company or any Subsidiary to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

(viii) If any payment or right accruing to a Participant under this Plan (without the application of this Section 13(d)(viii)), either alone or together with other payments or rights accruing to the Participant from the Company or any Subsidiary ("Total Payments") would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under this Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code; provided, however, that the foregoing shall not apply to the extent provided otherwise in an Award or in the event the Participant is party to an agreement with the Company or any Subsidiary that explicitly provides for an alternate treatment of payments or rights that would constitute "parachute payments." The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Administrator in good faith after consultation with the Participant, and such determination shall be conclusive and binding on the Participant. The Participant shall cooperate in good faith with the Administrator in making such determination and providing the necessary information for this purpose.

(ix) To the extent that the Administrator determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Administrator in its discretion may modify those restrictions as it determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(x) The headings contained in this Plan are for reference purposes only and shall not affect the meaning or interpretation of this Plan.

(xi) If any provision of this Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not effect any other provision hereby, and this Plan shall be construed as if such invalid or unenforceable provision were omitted.

(xii) This Plan shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon a Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant's heirs, legal representatives and successors.

(xiii) This Plan and each agreement granting an Award constitute the entire agreement with respect to the subject matter hereof and thereof, provided that in the event of any inconsistency between this Plan and such agreement, the terms and conditions of the Plan shall control.

(xiv) In the event there is an effective registration statement under the Securities Act pursuant to which any Common Stock (or equity interests into which the Shares have been converted) shall be offered for sale in an underwritten offering, a Participant shall not, during the period requested by the underwriters managing the registered public offering, effect any public sale or distribution of Shares received, directly or indirectly, as an Award or pursuant to the exercise or settlement of an Award.

(xv) Neither the Company any Subsidiary, or the Administrator shall have any duty or obligation to disclose affirmatively to a record or beneficial holder of Shares or an Award, and such holder shall have no right to be advised of, any material information regarding the Company or any Subsidiary at any time prior to, upon or in connection with receipt or the exercise of an Award or the Company's purchase of Shares or an Award from such holder in accordance with the terms hereof, except to the extent that such disclosure is required by applicable law. To the extent applicable under California law, the Company shall provide the holders of Shares obtained pursuant to an Award with copies of financial statements of the Company at least annually.

(xvi) This Plan, and all Awards, agreements and actions hereunder, shall be governed by, and construed in accordance with, the laws of the state of Delaware (other than its law respecting choice of law).

14. <u>DEFERRAL OF AWARDS.</u>

The Administrator (in its sole discretion) may permit a Participant to:

(a) have cash that otherwise would be paid to such Participant as a result of the exercise of an Equity Appreciation Right or the settlement of an Equity Award credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books;

(b) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or an Equity Appreciation Right converted into an equal number of Share units; or

(c) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or Equity Appreciation Right or the settlement of an Equity Award converted into amounts credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books. Such amounts shall be determined by reference to the Fair Market Value of the Shares as of the date on which they otherwise would have been delivered to such Participant.

A deferred compensation account established under this Section 14 maybe credited with interest or other forms of investment return, as determined by the Administrator. A Participant for whom such an account is established shall have no rights other than those of a general creditor of the Company. Such an account shall represent an unfunded and unsecured obligation of the Company and shall be subject to the terms and conditions of the applicable agreement between such Participant and the Company. If the deferral or conversion of awards is permitted or required, the Administrator (in its sole discretion) may establish rules, procedures and forms pertaining to such awards, including (without limitation) the settlement of deferred compensation accounts established under this Section 14.

15. <u>DEFINITIONS.</u>

For purposes of this Plan, the following terms are defined as set forth below:

(a) *"Award"* means an Equity Appreciation Right, Equity Option or Equity Award.

(b) *"Board"* means the Board of Directors of the Company.

(c) *"Cause"* means (i) the conviction of the Participant for committing a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in the course of fulfilling the Participant's duties as an employee or director of, or consultant or advisor to the Company or any Subsidiary, (iii) willful and deliberate failure on the part of the Participant to perform such duties in any material respect, or (iv) the Participant's engagement in misconduct which is materially injurious to the Company or any Subsidiary. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term "Cause" (or a similar term), such definition shall govern for purposes of determining whether such Participant has been terminated for Cause for purposes of this Plan. The determination of Cause shall be made by the Administrator, in its sole discretion.

(d) *"Code"* means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(e) *"Commission"* means the Securities and Exchange Commission or any successor agency.

(f) *“Common Stock”* means the Class A and Class B common stock of the Company, par value .01 per share.

(g) *“Company”* means Huron Consulting Group Inc., a Delaware corporation and, for purposes of the Restrictive Covenants only, the term “Company” shall include the Company, any Subsidiary and any of the Company’s or a Subsidiary’s assignees, successors in interest and affiliates.

(h) *“Disability”* means that the Participant is, for physical or mental reasons, with or without reasonable accommodation, unable to perform the essential functions of Participant’s duties to the Company or any Subsidiary for one hundred twenty (120) consecutive days, or one hundred eighty (180) days during any twelve-month period. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term “Disability” (or a similar term), such definition shall govern for purposes of determining whether such Participant suffers a Disability for purposes of this Plan. The determination of Disability shall be made by the Administrator, in its sole discretion. The determination of Disability for purposes of this Plan shall not be construed to be an admission of disability for any other purpose.

(i) *“Effective Date”* means December 31, 2002.

(j) *“Eligible Individual”* means any officer or employee of the Company or any Subsidiary, any member of the Company’s or any Subsidiary’s Board of Directors or comparable governing body, or any consultant or advisor providing services to the Company or any Subsidiary.

(k) *“Equity Appreciation Right”* means a right granted under Section 5.

(l) *“Equity Award”* means an Award, other than an Equity Option or Equity Appreciation Right, made in Shares or denominated in Shares.

(m) *“Equity Option”* means an option granted under Section 4.

(n) *“Exchange Act”* means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(o) *“Fair Market Value”* means, as of any given date, the fair market value of the Shares as determined by the Administrator in its sole discretion or under procedures established by the Administrator, whose determination shall be conclusive and binding.

(p) *“HCG Holdings”* means HCG Holdings LLC, a Delaware limited liability company.

(q) *“Operating Agreement”* means that certain Amended and Restated Operating Agreement of HCG Holdings, dated as of July 9, 2002, as amended from time to time.

(r) *“Optionee”* means a person who holds an Equity Option.

(s) *“Parent”* means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations in the chain (other than the Company) owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(t) *“Participant”* means a person who is granted an Award.

(u) *“Plan”* means the Amended and Restated Huron Consulting Group Inc. 2002 Equity Incentive Plan (California).

(v) *“Qualified Public Offering”* means the closing of a public offering pursuant to a registration statement declared effective under the Securities Act, covering the offer and sale of any Common Stock of the Company that is designated as a Qualified Public Offering by the Board.

(w) *“Representative”* means (i) the person or entity acting as the executor or administrator of a Participant’s estate pursuant to the last will and testament of a Participant or pursuant to the laws of the jurisdiction in which the Participant had his or her primary residence at the date of the Participant’s death; (ii) the person or entity acting as the guardian or temporary guardian of a Participant; (iii) the person or entity which is the beneficiary of the Participant upon or following the Participant’s death; or (iv) any person to whom an Equity Option has been transferred with the permission of the Administrator or by operation of law; provided that only one of the foregoing shall be the Representative at any point in time as determined under applicable law and recognized by the Administrator.

(x) *“Restrictive Covenants”* means all of the provisions set forth in Section 8 hereof.

(y) *“Retirement”* means retirement from active employment under a pension plan of the Company or any Subsidiary, or under an employment contract with any of them, or termination of employment or provision of services at or after age 55 under circumstances which the Administrator, in its sole discretion, deems equivalent to retirement.

(z) *“Securities Act”* means the Securities Act of 1933, as amended.

(aa) *“Share”* means Class A common stock, par value .01 per share, of the Company.

(bb) *“Subsidiary”* means any person or entity during any period in which more than 50 percent of the ordinary voting power or equity interests of such person or entity are owned or controlled, directly or indirectly, by the Company.

(cc) *“Termination”* means the termination for any reason of services provided to the Company or to any Subsidiary by a Participant.

In addition, certain other terms used herein have the definitions given to them in the first places in which they are used.

EQUITY OPTION AGREEMENT

THIS EQUITY OPTION AGREEMENT (this "Agreement"), dated as of ______ ("Grant Date") and effective as of ______ ("Effective Date"), is between ______ (the "Participant"), and Huron Consulting Group Inc., a Delaware corporation (the "Company"), and solely for the purposes of Section 8, Huron Consulting Group LLC, a Delaware limited liability company ("Huron"), relating to Equity Options granted under the **Amended and Restated Huron Consulting Group Inc. 2002 Equity Incentive Plan (California) (Effective as of May 1, 2003)** (the "Plan"). Capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Equity Option, Equity Option Price and Term.

(a) The Company grants to the Participant an Equity Option to purchase ______ Shares, at a price of $____ per Share, subject to the provisions of the Plan and the terms and conditions herein.

(b) The Equity Option granted hereunder shall constitute a nonqualified stock option and shall not be treated as an incentive stock option within the meaning of Section 422 of the Code.

(c) The term of this Equity Option shall be a period of ten (10) years from the Grant Date (the "Option Period"). During the Option Period, the Equity Option shall be exercisable as of the date set forth below according to the percentage set forth opposite such date:

Date	Cumulative Percentage Exercisable
1 year following the Grant Date	**25%**
2 years following the Grant Date	**50%**
3 years following the Grant Date	**75%**
4 years following the Grant Date	**100%**

Notwithstanding the foregoing or anything in the Plan to the contrary, in the event the Participant incurs a termination of employment for any reason whatsoever as an employee of the Company or any subsidiary, any then unexercisable portion of the Equity Option will be immediately forfeited and terminated.

(d) The Company shall not be required to issue any fractional Shares pursuant to this Equity Option.

(e) In further consideration of the Equity Option granted hereunder, the Participant reaffirms his or her obligations under the restrictive covenants set forth in Section 8 of the Plan.

2. Exercise. After the Equity Option becomes exercisable, the Equity Option may only be exercised by the delivery to the Company of a properly completed written notice, in form satisfactory to the Administrator, which notice shall specify the number of Shares to be purchased and the aggregate exercise price for such Shares, together with payment in full of such aggregate exercise price. Payment shall only be made as specified in the Plan. For all purposes of this Agreement, the date of the exercise of the Equity Option shall be the date upon which there is compliance with all such requirements.

3. Repurchase Right. Upon termination of the Participant's employment, any Shares then owned by Participant due to the exercise of Equity Options shall be subject to repurchase by the Company in accordance with the provisions of Section 9 of the Plan.

4. Payment of Withholding Taxes. If the Company, or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the exercise of the Equity Option, the Participant shall be required to pay such amount to the Company prior to delivery of Shares. The Participant acknowledges and agrees that he or she is responsible for the tax consequences associated with the grant of the Equity Option and its exercise. The Participant shall not have Shares withheld to satisfy withholding tax obligations that are an amount in excess of the Company's minimum required tax withholding.

5. Changes in Company's Capital Structure. The existence of an Equity Option will not affect in any way the right or authority of the Company to make or authorize (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (b) any merger or consolidation of the Company's capital structure or its business; (c) any merger or consolidation of the Company; (d) any issue of bonds, debentures, preferred or prior preference equity interests ahead of or affecting the Shares or the rights thereof; (e) the dissolution or liquidation of the Company; (f) any sale or transfer of all or any part of the Company's assets or business; or (g) any other corporate act or proceeding, whether of a similar character or otherwise. In the event of a Qualified Change of Control or other restructuring provided for in the Plan, the Participant shall have such rights, and the Administrator shall take such actions, as are provided for in the Plan.

6. Plan. The Equity Option is granted pursuant to the Plan, and the Equity Option and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited.

7. Employment Rights. No provision of this Equity Option Agreement or of the Equity Option granted hereunder shall give the Participant any right to continue in the employ of the Company or any Subsidiary, create any inference as to the length of employment of the Participant, affect the right of the Company or any Subsidiary to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

8. Employment Letter. The Company, Huron and the Participant hereby agree that the grant of the Equity Option evidenced hereby is made in full satisfaction of the obligations set forth in the paragraph entitled "Stock Options" in that certain letter of employment, dated as of ______, by and between the Participant and Huron (the "Employment Letter"). The Company, Huron and the Participant hereby agree that this Agreement overrides and supercedes such paragraph in the Employment Letter and such paragraph in the Employment Letter is hereby terminated and has no further force and effect.

9. <u>Stock Ownership Agreement</u>. Simultaneous with and as a condition to accepting the Equity Option, and in consideration of granting the Equity Option, the Participant agrees to and acknowledges the terms, conditions and provisions of that certain Stock Ownership Agreement, effective as of May 1, 2003, as may be amended from time to time in accordance with its terms, in connection with the Company's Class A common stock (the "Stock Ownership Agreement"), and shall execute such Stock Ownership Agreement simultaneously with the execution of this Equity Option Agreement.

10. <u>Governing Law</u>. This Equity Option Agreement and the Equity Option granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law).

11. <u>Arbitration</u>. The Participant and the Company hereby agree that any controversy or claim arising out of or related to (A) the Plan, (B) this Agreement, (C) the breach of the Plan or this Agreement, or (D) a Participant's employment with the Company or any of its Subsidiaries or the termination of such employment (together, "Arbitrable Claims"), shall be submitted to and exclusively settled by binding arbitration in San Francisco, California, before a single, neutral arbitrator administered by the American Arbitration Association ("**AAA**") under its National Rules for the Resolution of Employment Disputes or any successor rules then in effect (the "**Employment Rules**") and in conjunction with the procedural protections afforded under California's Arbitration Act (California Code of Civil Procedure, section 1280, <u>et</u> <u>seq</u>.). References to the AAA include any successor organization. The Employment Rules may be modified by the arbitrator to the extent necessary to conform to applicable law, including, allowing each party sufficient discovery to adequately arbitrate the dispute, and allowing each party the ability to petition the court for any provisional remedies afforded by section 1281.8 of the California Code of Civil Procedure. The parties shall pay their own costs and attorneys' fees in any such arbitration; provided, however, that if either party prevails on a statutory claim which affords the prevailing party an award of attorneys fees, then the arbitrator may award reasonable attorneys' fees to the prevailing party, consistent with applicable law; and further provided that the Company or Subsidiary shall bear the costs, including the arbitration forum costs, which are unique to arbitration and which the Participant would not have otherwise incurred if the dispute were adjudicated in a court of law. The remedies available in arbitration shall be identical to those allowed at law or, as applicable, at equity. Judgment upon the written award of the arbitrator shall be final and binding upon the parties and may be entered in any court having jurisdiction. For purposes of this Agreement, the term "**Arbitrable Claims**" includes, but is not limited to: claims for wages or other compensation, claims for breach of any contract or covenant (express or implied), tort claims, claims of discrimination (including, but not limited to, race, color, sex, sexual harassment, religion, national origin, age, marital status, citizenship status, sexual orientation, pregnancy, medical condition or handicap, or physical or mental disability), claims for violation of any public policy, claims for benefits, claims for wrongful termination, and claims for violation of any federal, state or other governmental law, statute, regulation or ordinance, including, but not limited to, claims under the United States Constitution, the California constitution, the Civil Rights Act of 1964, the Fair Labor Standards Act, the National Labor Relations Act, the Labor-Management Relations Act, the Worker Retraining and Notification Act of 1988, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the Employee Retirement Income Security Act of

1974, the Age Discrimination in Employment Act of 1967, the Older Workers' Benefit Protection Act, the Pregnancy Discrimination Act, the Family Medical Leave Act, the California Fair Employment and Housing Act, the California Family Rights Act, the California Pregnancy Discrimination Act, and the California Labor Code (each as amended from time to time). In accordance with California law, for so long as Participant is employed in California, claims Participant may have for workers' compensation or unemployment insurance benefits are not covered by this Agreement. EACH OF THE PARTIES HEREBY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JUDGE OR JURY IN REGARD TO ARBITRABLE CLAIMS.

12. Waiver; Cumulative Rights; Third Party Beneficiary. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time. The parties hereto acknowledge and agree that Huron shall be a third party beneficiary of this Agreement and shall be entitled to enforce this Agreement against the Participant as if it were a party hereto.

13. Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company, at the address provided below, and the Participant at his address as shown on the Company's payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company:	Huron Consulting Group Inc. c/o Lake Capital Management LLC 676 North Michigan Avenue Suite 3900 Chicago, Illinois 60611 Attn: Paul G. Yovovich
To Huron:	Huron Consulting Group LLC 550 W Van Buren Street Suite 800 Chicago, Illinois 60607 Attn: Human Resources Director
	With a copy to: Lake Capital Management LLC 676 North Michigan Avenue Suite 3900 Chicago, Illinois 60611 Attn: Joseph P. Karczewski

14. Complete Agreement. This Agreement, those documents expressly referred to herein, and the Plan embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

IN WITNESS WHEREOF, the Company has caused this Equity Option Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand, all as of the day and year first above written.

HURON CONSULTING GROUP INC.

____

By: Paul G. Yovovich
Its: Chairman

HURON CONSULTING GROUP LLC

____

By: Paul G. Yovovich
Its: Chairman

PARTICIPANT:

____

Name

Exhibit 10.16

HURON CONSULTING GROUP INC.

2003 EQUITY INCENTIVE PLAN

(Effective as of May 16, 2003)

HURON CONSULTING GROUP INC.

2003 EQUITY INCENTIVE PLAN

(Effective as of May 16, 2003)

1. PURPOSE.

The Huron Consulting Group Inc. 2003 Equity Incentive Plan (the "*Plan*") was established by Huron Consulting Group Inc. effective as of May 16, 2003 to attract and retain persons eligible to participate in the Plan, to motivate Participants to achieve long-term Company goals and to further align Participants' interests with those of the Company's shareholders. No Award shall be granted hereunder on or after the date ten (10) years after the Effective Date. Certain terms used herein are defined as set forth in Section 14.

2. ADMINISTRATION; ELIGIBILITY.

The Plan shall be administered by the Board or a Committee appointed by the Board. As used herein, the term "*Administrator*" means the Board or a Committee appointed by the Board to administer the Plan.

The Administrator shall have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Participation shall be limited to such persons as are selected by the Administrator. Awards may be granted as alternatives to, in exchange or substitution for, or replacement of, awards outstanding under the Plan or any other plan or arrangement of the Company or any Subsidiary (including a plan or arrangement of a business entity, all or a portion of which is acquired by the Company or any Subsidiary). The provisions of Awards need not be the same with respect to each Participant.

Among other things, the Administrator shall have the authority, subject to the terms of the Plan:

(a) to select the Eligible Individuals to whom Awards may from time to time be granted;

(b) to determine whether and to what extent Equity Options, Equity Appreciation Rights, Equity Awards or any combination thereof are to be granted hereunder;

(c) to determine the number of Shares to be covered by each Award granted hereunder;

(d) to approve forms of agreement for use under the Plan;

(e) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder (including, but not limited to, the option price, any vesting restriction or limitation, any vesting acceleration or forfeiture waiver and any right of repurchase, right of first refusal or other transfer restriction regarding any Award and the Shares relating thereto, based on such factors or criteria as the Administrator shall determine);

(f) subject to Section 14(a), to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time, including, but not limited to, with respect to (i) performance goals and targets applicable to performance-based Awards pursuant to the terms of the Plan and (ii) extension of the post-termination exercisability period of Equity Options;

(g) to determine to what extent and under what circumstances amounts payable with respect to an Award shall be deferred;

(h) to determine the Fair Market Value; and

(i) to determine the type and amount of consideration to be received by the Company for any Equity Award issued under Section 6.

The Administrator shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto), to supervise the administration of the Plan and to take all other actions necessary or advisable with respect to the interpretation or operation of the Plan.

Except to the extent prohibited by applicable law, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person or persons selected by it. Any such allocation or delegation may be revoked by the Administrator at any time. The Administrator may authorize any one or more of their members or any officer of the Company to execute and deliver documents on behalf of the Administrator.

Any determination made by the Administrator or pursuant to delegated authority pursuant to the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Administrator or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Administrator or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Participants.

No member of the Administrator (or a delegate of the Administrator), and no officer of the Company, shall be liable for any action taken or omitted to be taken by such individual or by any other member of the Administrator or officer of the Company in connection with the performance of duties under this Plan, except for such individual’s own willful misconduct or as expressly provided by law.

3. SHARES SUBJECT TO PLAN.

Subject to adjustment as provided in this Section 3, the aggregate number of Shares that may be awarded or made subject to Awards under the Plan shall not exceed 3,168,000 Shares.

To the extent any Shares covered by an Award are not delivered to a Participant or beneficiary thereof because the Award expires, is forfeited, canceled or is otherwise terminated, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and may be made subject to a new Award under the Plan. In addition, to the extent any Shares covered by an award granted pursuant to the Huron Consulting Group Inc. 2002 Equity Incentive Plan are not delivered to a Participant or beneficiary thereof because such award expires, is forfeited, canceled or is otherwise terminated, such Shares shall be automatically added to the maximum number of Shares available under this Plan and may thereafter be made subject to a new Award under this Plan.

In the event of a merger, consolidation, reorganization, recapitalization, stock split, stock dividend, extraordinary dividend, or other similar change in the structure or capitalization of Company, the Administrator may make, in its sole discretion, an appropriate adjustment to the (a) number and kind of Shares or other securities, cash or property that may be delivered under the Plan, (b) number and kind of Shares or other securities, cash or property subject to outstanding Awards, (c) exercise price of outstanding Equity Options and Equity Appreciation Rights and (d) other characteristics or terms of the Awards as the Administrator may determine appropriate to equitably reflect such transaction, change, or distribution.

4. <u>EQUITY OPTIONS.</u>

Equity Options may be granted alone or in addition to other Awards granted under the Plan. Any Equity Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

The Administrator shall have the authority to grant any Participant Equity Options (with or without Equity Appreciation Rights).

Equity Options shall be evidenced by Award agreements or notices, in a form or forms approved by the Administrator. The grant of an Equity Option shall occur as of the date the Administrator determines.

Except as otherwise provided in the applicable Award agreement, Equity Options granted under this Section 4 shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Administrator shall deem desirable:

(a) *Exercise Price.* The exercise price per Share purchasable under an Equity Option shall be determined by the Administrator.

(b) *Option Term.* The term of each Equity Option shall be fixed by the Administrator, but no Equity Option shall be exercisable more than ten (10) years after the date the Equity Option is granted.

(c) *Exercisability.* Except as otherwise provided herein, Equity Options shall be exercisable at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator. If the Administrator provides that any Equity Option is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Option.

(d) *Method of Exercise.* Subject to the provisions of this Section 4, exercisable Equity Options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares subject to the Equity Option to be purchased. The option price of any Equity Option shall be paid in full in cash (by certified or bank check or such other instrument as the Company may accept). No Shares shall be issued upon exercise of an Equity Option until full payment therefor has been made. The Equity Option may not be exercised unless the Participant agrees to be bound by such documents as the Administrator may require and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Option (or a portion thereof), the Company shall have a reasonable time to issue the Shares for which the Equity Option has been exercised. No adjustment shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company's official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(e) *Transferability of Equity Options.* Except as otherwise provided in the applicable Award agreement, an Equity Option shall not be transferable except by will or the laws of descent and distribution. An Equity Option shall be exercisable, during the Optionee's lifetime, only by the Optionee or by the guardian or legal representative of the Optionee, it being understood that the terms "holder" and "Optionee" include the guardian and legal representative of the Optionee named in the applicable Award agreement and any person to whom the Equity Option is transferred (X) pursuant to the first sentence of this Section 4(e) or pursuant to the applicable Award agreement or (Y) by will or the laws of descent and distribution. Notwithstanding the foregoing, references herein to the termination of an Optionee's employment or provision of services shall mean the termination of employment or provision of services of the person to whom the Equity Option was originally granted.

(f) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of death, any Equity Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(g) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Disability, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, an unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(h) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates by reason of Retirement, any Equity Option held by such Optionee may thereafter be exercised by the Optionee, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Option, whichever period is shorter; provided, however, that if the Optionee dies within such period, any unexercised Equity Option held by such Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(i) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if an Optionee's employment or provision of services terminates for any reason other than death, Disability or Retirement, any Equity Option held by such Optionee shall thereupon terminate; provided, however, that, if such termination of employment or provision of services is involuntary on the part of the Optionee and without Cause, such Equity Option, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, may be exercised for the lesser of ninety (90) days from the date of such termination of employment or provision of services and the remainder of such Equity Option's term, and provided, further, that if the Optionee dies within such period, any unexercised Equity Option held by such

Optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Option, whichever period is shorter.

(j) *Participant Loans.* The Administrator may in its discretion authorize the Company to:

(i) lend to an Optionee an amount equal to such portion of the exercise price of an Equity Option as the Administrator may determine; or

(ii) guarantee a loan obtained by an Optionee from a third-party for the purpose of tendering such exercise price.

The terms and conditions of any loan or guarantee, including the term, interest rate, whether the loan is with recourse against the Optionee and any security interest thereunder, shall be determined by the Administrator, except that no extension of credit or guarantee shall obligate the Company for an amount to exceed the lesser of (i) the aggregate Fair Market Value on the date of exercise of the Shares to be purchased upon the exercise of the Equity Option, and (ii) the amount permitted under applicable law.

5. EQUITY APPRECIATION RIGHTS.

Equity Appreciation Rights may be granted either on a stand-alone basis or in conjunction with all or part of any Equity Option granted under the Plan, either at or after the time of grant of such Equity Option. An Equity Appreciation Right shall terminate and no longer be exercisable as determined by the Administrator, or, if granted in conjunction with all or part of any Equity Option, upon the termination or exercise of the related Equity Option.

An Equity Appreciation Right may be exercised by a Participant as determined by the Administrator in accordance with this Section 5, and, if granted in conjunction with all or part of any Equity Option, by surrendering the applicable portion of the related Equity Option in accordance with procedures established by the Administrator. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 5. Equity Options that have been so surrendered, if any, shall no longer be exercisable to the extent the related Equity Appreciation Rights have been exercised.

Except as otherwise provided in the applicable Award agreement, Equity Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Administrator at the time of grant, including the following:

(a) *Exercisability.* Equity Appreciation Rights granted on a stand-alone basis shall be exercisable only at such time or times, and subject to such terms and conditions, as shall be determined by the Administrator. Equity Appreciation Rights granted in conjunction with all or part of any Equity Option shall be exercisable only at the time or times and to the extent that the Equity Options to which they relate are exercisable in accordance with the provisions of Section 4 and this Section 5. If the Administrator provides that any Equity Appreciation Right is exercisable only in installments, the Administrator may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Administrator may determine. In addition, the Administrator may at any time, in whole or in part, accelerate the exercisability of any Equity Appreciation Right.

(b) *Method of Exercise.* Subject to the provisions of this Section 5, exercisable Equity Appreciation Rights may be exercised, in whole or in part, at any time during the term of the Equity Appreciation Right by giving written notice of exercise to the Company in form and substance acceptable to the Administrator specifying the number of Shares in respect of which the Equity Appreciation Right is to be exercised. Upon the exercise of an Equity Appreciation Right, a Participant shall be entitled to receive an amount in cash, Shares or both, which in the aggregate are equal in value to the excess of the Fair Market Value of one Share over (i) such value per Share as shall be determined by the Administrator as the time of grant (if the Equity Appreciation Right is granted on a stand-alone basis), or (ii) the exercise price per Share specified in the related Equity Option (if the Equity Appreciation Right is granted in conjunction with all or part of any Equity Option), multiplied by the number of Shares in respect of which the Equity Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment. If the Administrator determines that the form of payment may include Shares, no Shares shall be issued upon exercise of an Equity Appreciation Right unless the Participant agrees to be bound by such documents as the Administrator may require and makes such representations and warranties in form and substance acceptable to the Administrator. Upon exercise of an Equity Appreciation Right (or a portion thereof), the Company shall have a reasonable time to issue any Shares for which the Equity Appreciation Right has been exercised that the Administrator determines may be issued. No adjustments shall be made for cash distributions or other rights for which the record date is prior to the date such Shares are recorded as issued and transferred in the Company’s official records, except as otherwise provided by the Committee or in the applicable Award agreement. The Administrator may deny any method of exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(c) *Transferability of Equity Appreciation Rights.* An Equity Appreciation Right shall be transferable only to, and shall be exercisable only by, such persons on the same basis as permitted in connection with Equity Options under Section 4(e).

(d) *Termination by Death.* Unless otherwise provided in the applicable Award agreement, if a Participant’s employment or provision of services terminates by reason of death, any Equity Appreciation Right held by such Participant may thereafter be exercised, to the extent it was exercisable at the time of death, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(e) *Termination by Reason of Disability.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Disability, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Administrator may determine, for a period of six (6) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, an unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(f) *Termination by Reason of Retirement.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates by reason of Retirement, any Equity Appreciation Right held by such Participant may thereafter be exercised by the Participant, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Administrator may determine, for a period of three (3) months from the date of such termination of employment or provision of services or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter; provided, however, that if the Participant dies within such period, any unexercised Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

(g) *Other Termination.* Unless otherwise provided in the applicable Award agreement, if a Participant's employment or provision of services terminates for any reason other than death, Disability or Retirement, any Equity Appreciation Right held by such Participant shall thereupon terminate; provided, however, that, if such termination of employment or provision of services is involuntary on the part of the Participant and without Cause, such Equity Appreciation Right, to the extent then exercisable at the time of such termination, or on such accelerated basis as the Administrator may determine, may be exercised for the lesser of 90 days from the date of such termination of employment or provision of services and the remainder of such Equity Appreciation Right's term, and provided, further, that if the Participant dies within such period, any unexercised

Equity Appreciation Right held by such Participant shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of six (6) months from the date of such death or until the expiration of the stated term of such Equity Appreciation Right, whichever period is shorter.

6. EQUITY AWARDS OTHER THAN OPTIONS.

Equity Awards may be directly issued under the Plan (without any intervening options), subject to such terms, conditions, performance requirements, restrictions, forfeiture provisions, contingencies and limitations as the Administrator shall determine. Equity Awards may be issued that are fully and immediately vested upon issuance or that vest in one or more installments over the Participant's continuing employment or other service to the Company, or any Subsidiary or upon the attainment of specified performance objectives, or the Company may issue Equity Awards that entitle the Participant to receive a specified number of vested Shares upon the attainment of one or more performance goals or service requirements established by the Administrator.

Shares issued pursuant to an Equity Award shall be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of one or more certificates (that may bear appropriate legends referring to the terms, conditions and restrictions applicable to such Award). The Administrator may require that any such certificates be held in custody by the Company until any restrictions thereon shall have lapsed and that the Participant deliver a stock power, endorsed in blank, relating to the Shares covered by such Award.

An Equity Award may be issued in exchange for any consideration that the Administrator may deem appropriate in each individual instance, including, without limitation:

(a) cash or cash equivalents;

(b) past services rendered to the Company or any Subsidiary; or

(c) future services to be rendered to the Company or any Subsidiary.

An Equity Award that is subject to restrictions on transfer and/or forfeiture provisions may be referred to as an award of "Restricted Shares" or "Restricted Share Units."

7. QUALIFIED CHANGE OF CONTROL PROVISIONS; EXTRAORDINARY TRANSACTIONS.

(a) *Impact of Event.* Notwithstanding any other provision of the Plan to the contrary, except as explicitly provided otherwise in an Award agreement, in the event of a Qualified Change of Control:

(i) Outstanding Awards shall be subject to any agreement that effects a Qualified Change of Control, which agreement may provide for:

(A) the continuation of the outstanding Awards by the Company, if the Company survives the Qualified Change of Control;

(B) the assumption of the outstanding Awards by the surviving entity or its parent or subsidiary;

(C) the substitution by the surviving entity or its parent or subsidiary of similar awards for the outstanding Awards;

(D) settlement of each Share subject to an outstanding exercisable and vested Award for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), or, if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled; or

(E) termination of any unexercisable or unvested Awards.

(ii) In the absence of a provision to the contrary contained in any agreement effecting such Qualified Change of Control, unless the Board determines otherwise, simultaneous with a Qualified Change of Control, (A) each Share subject to an outstanding exercisable and vested Award shall be settled for the Qualified Change of Control Consideration (less, to the extent applicable, the per Share exercise price), (B) if the per Share exercise price equals or exceeds the value of the Qualified Change of Control Consideration, the outstanding Award shall terminate and be canceled, and (C) any unexercisable or unvested Awards shall terminate and be canceled.

(iii) *Definition of Qualified Change of Control.* For purposes of the Plan, a "*Qualified Change of Control*" means (A) any sale, transfer, issuance or redemption or series of related sales, transfers, issuances or redemptions within a period of six (6) months (or any combination thereof) of securities of the Company by the holders thereof or the Company that results in any person or entity or group of affiliated persons or entities (other than the holders of securities of the Company or such holder's owners or any of their respective affiliates, including without limitation, Lake Capital and its affiliates) (on a fully diluted basis) as of immediately prior to any such transaction or series of related transactions) owning more than 50% of the outstanding Common Stock, other than pursuant to a Qualified Public Offering, (B) a sale of all or substantially all of the assets of the Company, (C) a Change of Control (as defined in the Operating Agreement) of HCG Holdings; provided that a Permitted Transfer (as defined in the Operating Agreement) shall in no event be deemed to constitute a Qualified Change of Control or (D) any other event designated by the Company's Board as a Qualified Change of Control; provided in the case of clauses (A), (B) and (C) above, such transaction or series of transactions, shall only be a Qualified Change of Control if it is designated as such by the Company's Board.

(b) *Qualified Change of Control Consideration.* For purposes of the Plan, "*Qualified Change of Control Consideration*" means the net consideration (which may consist of any combination of cash or non-cash consideration) received on a per Share basis by a holder of Shares in connection with the Qualified Change of Control (as determined in the sole discretion of the Board). The Administrator shall determine the appropriate valuation of any non-cash consideration.

(c) *Extraordinary Transactions.* Upon, or in anticipation of any Extraordinary Transaction, as defined below, the Board or the board of directors or comparable authority of any entity assuming all or a portion of the obligations of the Company hereunder (the "*Assuming Board*"), shall have the right to temporarily suspend the right to exercise any Award to facilitate the Extraordinary Transaction, to provide for the continuation of all or a portion of the Awards granted under the Plan and to make equitable adjustments by such means as determined by the Board or the Assuming Board, as applicable, in its sole discretion, including, without limitation, for example, the (i) cancellation of all or a portion of any Award for a cash payment in an amount equal to the number of Shares subject to the canceled portion of the Award multiplied by the Fair Market Value of an Share, reduced in the case of an Equity Option or Equity Appreciation Right by the exercise price; (ii) substitution of all or a portion of an Award for a similar Award, (iii) conversion of all or a portion of the Shares subject to an Award into cash, other property or securities; (iv) removal of any or all restrictions and conditions on any Award; or (v) giving of written notice to any Participant that his or her Equity Option or Equity Appreciation Right will become immediately exercisable, notwithstanding any waiting period otherwise prescribed, and that any restrictions on any Restricted Shares will immediately lapse, and that the Equity Option or Equity Appreciation Right will be canceled if not exercised within a specified period of days of such notice.

(d) An "*Extraordinary Transaction*" shall mean any of the following, in each case other than a Qualified Change of Control, (A) the direct or indirect sale or exchange in a single or series of related transactions within a period of six (6) months of Common Stock representing more than 30 percent of the voting power of the outstanding Common Stock; (B) a merger or consolidation to which the Company or any Subsidiary is a party; (C) the sale, exchange, or transfer of all or substantially all of the assets of the Company, any Subsidiary or a division; (D) a liquidation or dissolution of the Company or any Subsidiary; (E) any significant financing or capital restructuring transaction involving the Company or any Subsidiary or their assets; or (F) any other extraordinary transaction involving the Company or any Subsidiary.

8. PARTICIPANT'S ACKNOWLEDGEMENTS, PROMISES, AND RESTRICTIVE COVENANTS

The Plan is intended to benefit mutually both the Participant, through providing an incentive opportunity, and the Company, through the Participant's continuity in service. It is imperative that in order for both parties to benefit under the Plan, the Company's continued competitive position be maintained. To effectuate this, certain promises and covenants must be made regarding solicitation, confidentiality, non-disparagement and disclosure. Therefore, any entitlement to benefits under the Plan shall be conditioned upon acceptance of and compliance with all of the following rules and provisions (collectively, the "Restrictive Covenants"), to which each Participant shall be deemed to agree upon acceptance of an Award under the Plan:

(a) *Nonsolicitation*. During the course of a Participant's employment with the Company and during the one year period following the date of Termination, a Participant shall not, directly or indirectly, either on his or her own behalf or on behalf of any other person, firm or entity, solicit or provide services which are the same as or similar to the services provided by the Company to any client of the Company (or any former client which had been a client of the Company within the 12-month period prior to the Participant's Termination) for whom such Participant performed services (or assisted others in the performance of services for) in the course of his or her employment with the Company or about whom such Participant learned Confidential Information (as defined below) as a result of such Participant's employment with the Company. In addition, during the course of a Participant's employment with the Company and during the one year period following the date of Termination, a Participant shall not, directly or indirectly, either on his or her own behalf or on behalf of any other person, firm or entity, solicit or provide services which are the same as or similar to the services provided by the Company to any prospective client of the Company (i) with whom such Participant was involved in the solicitation of in the course of his or her employment with the Company or about whom such Participant learned Confidential Information (as defined below) as a result of such Participant's employment with the Company and (ii) that is or was a prospective client who the Company was actively soliciting, at the time of, or at any time within the 12-month period prior to, such Participant's Termination.

During the course of a Participant's employment with the Company and during the one-year period following the date of Termination, a Participant shall not, directly or indirectly, either on his or her own behalf or on behalf of any other person, firm or entity, solicit, encourage, induce or attempt to induce, any person, who is at such time or who was within the 12-month period immediately prior to such Participant's Termination in the employ of the Company to terminate his or her employment with the Company, and the Participant shall not hire or assist in the hiring of any such employee by any person, firm or entity.

During the course of a Participant's employment with the Company and during the one-year period following the date of Termination, a Participant shall not, directly or indirectly, solicit, encourage, induce or attempt to induce, any person or entity, who is at such time or who was within the 12-month period immediately prior to such Participant's Termination, doing business with the Company to terminate or alter such person's or entity's relationship with the Company in any manner that is adverse to the Company.

(b) *Confidentiality.* A Participant shall not, at any time during his or her employment with the Company or thereafter, reveal, disclose or use any Confidential Information for the benefit of such Participant or any other person or entity, unless directed or authorized in writing by the Company to do so, until such time as the information becomes generally known to the public through no fault of Participant. "*Confidential Information*" means information (i) disclosed to or known by Participant as a consequence of Participant's employment with the Company and (ii) not generally known to others outside the Company, including, without limitation, information which relates to the Company's marketing, sales, finances, operations, processes, methods, techniques, devices, software programs, projections, strategies or plans, personnel information, industry contacts made during Participant's employment, acquisition targets client information, including client needs, potential clients, contacts, particular projects or pricing.

(c) *Inventions and Patents.* The Participant agrees that all inventions, innovations or improvements in the Company's method of conducting its business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company belong to the Company. The Participant will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

(d) *Non-Disparagement.* A Participant shall not, at any time during his or her employment with the Company or thereafter, directly or indirectly make disparaging remarks about the Company.

(e) *Disclosure of Obligations.* If a Participant accepts employment with any future employer during the one year following the date of Termination, the Participant will deliver a copy of this Plan to such employer and advise such employer concerning the existence of the obligations of the Participant under this Plan.

(f) *Enforcement.* The Participant acknowledges and agrees that the Company would be damaged irreparably if any provision under this Section 8 were breached by him or her and money damages would be an inadequate remedy for any such nonperformance or breach. Accordingly, the Company and its successors or permitted assigns in order to protect its interests, shall be entitled to, in addition to other rights and remedies existing in its favor, an immediate injunction or injunctions and other equitable relief to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically, without the necessity of proving damages or posting a bond or other security. With respect to such enforcement, the Company shall be entitled to recover from a Participant any and all attorneys' fees, costs and expenses incurred by or on behalf of the Company in enforcing or attempting to enforce any provision under this Section 8 or any of the Company's rights under this Plan.

(g) *Validity/Blue Pencil.* Participant acknowledges and agrees that the provisions of this Plan, including this Section 8, are reasonable and valid in geographic, temporal and subject matter scope and in all other respects, and do not impose limitations greater than are necessary to protect the goodwill, Confidential Information and other business interests of the Company. If any court subsequently determines that any part of this Plan, including Section 8, is invalid or unenforceable, the remainder of the Plan shall not be affected and shall be given full effect without regard to the invalid portions. Further, any court invalidating any provision of the Plan shall revise the invalidated provisions such that the provision is enforceable to the maximum extent permitted by applicable law.

9. REPURCHASE OPTION

Except as explicitly provided otherwise in an Award agreement between the Company and a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Generally.* Upon the Participant's Termination or the Participant's violation of any of the Restrictive Covenants, all Shares attributable to the Award (collectively, the "*Available Securities*"), whether held by Participant or one or more of Participant's transferees (individually, a "*Holder*" and collectively, the "*Holders*"), shall be subject to repurchase by the Company pursuant to this Section 9 (the "*Repurchase Option*").

(b) *Repurchase Price.* The purchase price (the "*Repurchase Price*") for each of the vested Available Securities shall be the Fair Market Value of a Share, as of the date of Termination, as determined by the Administrator; provided, however, that if the Participant's service as an employee of the Company or any Subsidiary was terminated for Cause or the Participant violated any Restrictive Covenant, then the Repurchase Price for each of the vested Available Securities shall be the lesser of the Fair Market Value of a Share and the amount paid, if any, for each of the vested Available Securities. The Repurchase Price for any unvested Shares subject to an Award shall be the par value of such Shares.

(c) *Company's Right to Purchase.* The Company may (but shall not be obligated to) elect to purchase all or any portion of the Available Securities on the terms contained in this Section 9 by delivering written notice (the "*Repurchase Notice*") to each Holder within one year after the later of the date of Termination or the date that the Company makes a determination that the Participant violated a Restrictive Covenant. The Repurchase Notice shall set forth the number and amount of Available Securities to be acquired from each Holder, the aggregate consideration to be paid for such securities and the time and place for the closing of such purchase.

(d) *Closing; Manner of Payment.* The purchase of Available Securities pursuant to this Section 9 shall be consummated (the "*Closing*") at the Company's principal office at 10:00 a.m., local time, on the thirtieth (30^{th}) day next following the date of delivery of the Repurchase Notice, or on such later day as designated by the Company, in its sole discretion, upon not less than ten days prior notice to each Holder of Available Securities to be purchased (the "*Closing Date*"). If said date is a Saturday, Sunday or legal holiday, the Closing shall occur at the same time and place on the next succeeding business day. The Company shall pay for the Available Securities to be purchased pursuant to the Repurchase Option in two equal installments, payable on the first and second anniversaries of the Closing Date, plus interest on the outstanding balance at the prime rate as publicly announced by The Northern Trust Company or its successor and in effect on Closing Date, compounded annually. The Company may, at any time in its discretion and without notice to any person, prepay all or any portion the outstanding balance and accrued interest without penalty against the Company or any other person. Notwithstanding the foregoing, the Company shall be entitled to offset from amounts due Participants hereunder an amount equal to all (or a portion) of any amounts then owed by the Participant to the Company or any Subsidiary. The Company shall be entitled to receive customary representations and warranties as to ownership, title, authority to sell and the like from the Holders regarding such sale, to require any and each Holder's signature to be guaranteed and to receive such other evidence, including applicable inheritance and estate tax waivers, as may reasonably be necessary to effect the purchase of the Available Securities.

(e) *Assignment of Right.* The Company may assign its Repurchase Option for all or a portion of the Available Securities.

(f) *Extension of Repurchase Option*. Notwithstanding anything to the contrary contained herein, all repurchases of the Available Securities by the Company shall be subject to applicable restrictions contained in the Delaware General Corporation Law and in the Company's and its subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the repurchase of the Available Securities hereunder to which the Company is otherwise entitled, the Company may make such repurchases as soon as it is permitted to do so under such restrictions.

10. <u>RESTRICTIONS ON TRANSFER OF SHARES</u>

Except as explicitly provided otherwise in an Award agreement to a Participant, by accepting the Award and in consideration of the Award, the Participant shall be deemed to have agreed to and acknowledged the following:

(a) *Retention of Participant Securities.* Prior to the seventh anniversary of the date of a Holder's (as defined in Section 9(a)) acquisition of any Available Securities (as defined in Section 9(a)), no Holder shall sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) or enter into any agreement to sell, assign, transfer, pledge or dispose of (individually and collectively, a "*Transfer*") any interest in any Available Securities, except pursuant to (i) the provisions of Sections 9 or 12 or (ii) the provisions of Section 10(d) below (collectively, "*Exempt Transfers*").

(b) *Transfer of Participant Securities.* On or following the seventh anniversary of the date of a Holder's acquisition of any Available Securities, a Holder shall not make any Transfer of any Available Securities other than an Exempt Transfer, except subject to the first refusal rights of the Company pursuant to the provisions of this Section 10(b) and Section 10(c). At least ninety (90) days prior to making any proposed Transfer to a person other than the Company, a Holder shall deliver a written notice (the "*Sale Notice*") to the Company. The Sale Notice will disclose in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the proposed Transfer. Each Holder agrees not to consummate any such Transfer until ninety (90) days after the Sale Notice has been delivered to the Company, unless the parties to the Transfer have been finally determined pursuant to this Section 10 prior to the expiration of such ninety (90) day period (the date of the first to occur of such events is referred to herein as the "*Authorization Date*"); provided that in no event shall any Transfer of Available Securities for consideration pursuant to this Section 10 be made for any consideration other than United States dollars payable upon consummation of such Transfer or in installments over time.

(c) *First Refusal Rights.* The Company may elect to purchase all of the Available Securities to be Transferred upon the same terms and conditions as those set forth in the Sale Notice by delivering a written notice of such election to the Holder within sixty (60) days after the receipt of the Sale Notice by the Company. The Company shall be given up to forty five (45) days to consummate the purchase and sale of Available Securities. In the event that the Company has not elected to purchase the Available Securities referred to in the relevant Sale Notice by delivery of a written notice of such election on or before the Authorization Date, the Holder may, during the sixty (60) day period immediately following the Authorization Date, subject to the provisions of this Section 10, Transfer the Available Securities specified in the Sale Notice at a price and on terms no more favorable to the transferee(s) thereof than specified in the Sale Notice. Following such Transfer such shares shall continue to be subject to Section 10(c) and Section 12 hereof, and pursuant to such Transfer the Holder shall deliver to the Company an acknowledgment from such transferee of such transferee's obligations hereunder. Any shares of Available Securities not transferred within such 60-day period will be subject to the provisions of this Section 10(c) upon subsequent Transfer.

(d) *Certain Permitted Transfers.* The restrictions contained in this Section 10 shall not apply with respect to Transfers of Available Securities (i) pursuant to applicable laws of descent and distribution or (ii) among a Participant's family group; provided that the restrictions contained in this Section 10 will continue to be applicable to the Available Securities after any such Transfer and the transferees of such Available Securities have agreed in writing to be bound by the provisions of this Plan prior to any such Transfer. A Participant's "*family group*" means the Participant's spouse and direct lineal descendants (whether natural or adopted) and any trust solely for the benefit of the Participant and/or the Participant's spouse and/or direct lineal descendants. At least sixty (60) days prior to making any Transfer of Available Securities pursuant to this Section 10(d), a Participant will deliver a written notice (the "*Transfer Notice*") to the Company. The Transfer Notice will disclose in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the proposed Transfer.

(e) *Pledges.* Notwithstanding anything to the contrary herein contained, no Holder of Available Securities may pledge any such securities without the prior written consent of the Company given after the date hereof.

(f) *Assignment of Right.* The Company may assign its rights under this Section 10 for all or a portion of the Available Securities.

(g) *Duration of Restrictions.* The provisions of this Section 10 shall terminate upon the occurrence of a Qualified Public Offering.

11. ADDITIONAL RESTRICTIONS ON TRANSFER.

(a) *Legend.* The certificates representing the Available Securities owned by a Participant or the Participant's family group will bear the following legend:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME ARE REGISTERED AND QUALIFIED IN ACCORDANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED."

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND PROVISIONS OF THE HURON CONSULTING GROUP INC. 2003 EQUITY INCENTIVE PLAN AND AN AWARD AGREEMENT, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED TO THE STOCKHOLDER ON REQUEST TO THE SECRETARY OF THE COMPANY. SUCH EQUITY INCENTIVE PLAN AND AWARD AGREEMENT PROVIDE, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE AND THAT SUCH SECURITIES MAY BE SUBJECT TO PURCHASE BY THE COMPANY UPON THE OCCURRENCE OF CERTAIN EVENTS. ANY ISSUANCE, SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE OTHER THAN IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE EQUITY INCENTIVE PLAN AND THE AWARD AGREEMENT SHALL BE NULL AND VOID."

(b) *Opinion of Counsel*. No Holder of Available Securities may sell, Transfer or dispose of any Available Securities (except pursuant to an effective registration statement under the Securities Act) without first delivering to the Company an opinion of counsel reasonably acceptable in form and substance to the Company that registration under the Securities Act is not required in connection with such Transfer.

12. SALE OF THE COMPANY.

(a) *The Sale*. If the Board approves the sale of the Company to an independent third party (whether by merger, consolidation, sale of all or substantially all of its assets or sale of greater than eighty percent (80%) of the outstanding capital stock of the Company) (an "*Approved Sale*"), the Holders of Available Securities will consent to and raise no objections to the Approved Sale, waive any appraisal or dissenters' rights in respect of such Approved Sale, and take all other actions reasonably necessary or desirable to cause the consummation of such Approved Sale on the terms and conditions approved by the Board, including, without limitation (i) if the Approved Sale is structured as a sale of greater than eighty percent (80%) of the outstanding equity securities of the Company, the Holders of Available Securities will sell of their shares of Available Securities and rights to acquire shares of Available Securities on the terms and conditions approved by the Board, (ii) if the Approved Sale is structured as a merger or consolidation, the Holders of Available Securities will vote in favor thereof and will not exercise any appraisal or dissenters' rights they may have under any applicable law and (iii) if the Approved Sale is structured as a sale of all or substantially all of the assets of the Company, the Holders of Available Securities will vote in favor thereof and, if applicable, will vote in favor of the subsequent dissolution and liquidation of the Company. The Holders of Available Securities shall be severally obligated to join (on a basis not to exceed such Holder's pro rata share of the proceeds from such Approved Sale) in any indemnification or other obligations to which the Board agrees in connection with such Approved Sale (other than any such obligations that relate specifically to a particular Holder of Available Securities, such as indemnification with respect to representations and warranties given by a Holder of Available Securities regarding such Holder's title to an ownership of Available Securities, as to which obligations each such Holder shall be solely liable). For purposes of this Section 12, an "*independent third party*" is any person who does not own in excess of five percent (5%) of the capital stock of the Company on a fully diluted basis, who is not controlling, controlled by or under common control with any such five percent (5%) owner of the capital stock of the Company on a fully diluted basis and who is not the spouse, ancestor or descendant (by birth or adoption) of any such five percent (5%) owner of the capital stock of the Company on a fully diluted basis.

(b) *Conditions to Sellers' Obligations.* The obligations of the Holders of Available Securities with respect to an Approved Sale of the Company are subject to the satisfaction of the condition that upon consummation of the Approved Sale, all of the holders of the class of capital stock of the Company will receive the same form and amount of consideration per share of the capital stock of the Company, or if any holders of a class of capital stock of the Company are given an option as to the form and amount of consideration to be received, all holders of such class will be given the same option.

(c) *Rule 506 Purchaser Representative.* If the Company or the holders of the Company's securities enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by the Securities Exchange Commission under the Securities Act may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the Holders of Available Securities will, at the request of the Company, appoint a purchaser representative (as such term is defined in Rule 501 (or any similar rule then in effect) promulgated by the Securities Exchange Commission under the Securities Act) reasonably acceptable to the Company. If any Holder of Available Securities appoints the purchaser representative designated by the Company, the Company will pay the fees of such purchaser representative, but if any Holder of Available Securities declines to appoint the purchaser representative designated by the Company, such Holder will appoint another purchaser representative (reasonably acceptable to the Company), and such Holder will be responsible for the fees of the purchaser representative so appointed.

(d) *Duration of Restrictions.* The provisions of this Section 12 shall terminate upon the earlier to occur of (i) an Approved Sale and (ii) a Qualified Public Offering.

13. **EFFECT ON TERMINATION.** The provisions contained in **Sections 8, 9, 10, 11, 12 and 14** and this **Section 13** shall remain in full force and effect after the expiration of the Award and after the Participant's Termination.

14. MISCELLANEOUS.

(a) *Amendment.* The Board may amend, alter, or discontinue the Plan at any time and may amend any Award theretofore granted, but no amendment, alteration or discontinuation shall be made which would adversely affect the rights of a Participant under an Award theretofore granted without the Participant's consent, except such an amendment (i) made to avoid an expense charge to the Company or any Subsidiary, or (ii) made to permit the Company or any Subsidiary a deduction under the Code. No such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by law, agreement or the rules of any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are listed.

(b) *Unfunded Status of Plan.* It is intended that this Plan be an "unfunded" plan for incentive and deferred compensation. The Administrator may authorize the creation of trusts or other arrangements to meet the obligations created under this Plan to deliver Shares or make payments, provided that, unless the Administrator otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of this Plan.

(c) *General Provisions*.

(i) The Administrator may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Administrator deems appropriate to reflect any restrictions on transfer. All certificates for Shares or other securities delivered under the Plan shall be subject to such transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange or market on which the Shares (or equity interests into which the Shares have been converted) are then listed and any applicable Federal or state securities law, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(ii) Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting other or additional compensation arrangements for its employees.

(iii) The adoption of the Plan shall not confer upon any employee, director, consultant or advisor any right to continued employment, directorship or service, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment or service of any employee, consultant or advisor at any time.

(iv) No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld or accounted for with respect to such amount. The obligations of the Company under the Plan shall be conditional on such payment or arrangements having been made and the Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Administrator may establish such procedures as it deems appropriate for the settlement of withholding obligations with Shares.

(v) The Administrator shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of the Participant's death are to be paid.

(vi) Any amounts owed to the Company or any Subsidiary by the Participant of whatever nature may be offset by the Company from the value of any Shares, cash or other thing of value under this Plan, and no Shares, cash or other thing of value under this Plan shall be transferred unless and until all disputes between the Company any Subsidiary and the Participant have been fully and finally resolved and the Participant has waived all claims to such against the Company and any Subsidiary.

(vii) The grant of an Award shall in no way affect the right of the Company or any Subsidiary to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

(viii) If any payment or right accruing to a Participant under this Plan (without the application of this Section 14(c)(viii)), either alone or together with other payments or rights accruing to the Participant from the Company or any Subsidiary ("*Total Payments*") would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under this Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code; provided, however, that the foregoing shall not apply to the extent provided otherwise in an Award or in the event the Participant is party to an agreement with the Company or any Subsidiary that explicitly provides for an alternate treatment of payments or rights that would constitute “parachute payments.” The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Administrator in good faith after consultation with the Participant, and such determination shall be conclusive and binding on the Participant. The Participant shall cooperate in good faith with the Administrator in making such determination and providing the necessary information for this purpose.

(ix) To the extent that the Administrator determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Administrator in its discretion may modify those restrictions as it determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(x) The headings contained in this Plan are for reference purposes only and shall not affect the meaning or interpretation of this Plan.

(xi) If any provision of this Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not effect any other provision hereby, and this Plan shall be construed as if such invalid or unenforceable provision were omitted.

(xii) This Plan shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon a Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant’s heirs, legal representatives and successors.

(xiii) This Plan and each agreement granting an Award constitute the entire agreement with respect to the subject matter hereof and thereof, provided that in the event of any inconsistency between this Plan and such agreement, the terms and conditions of the Plan shall control.

(xiv) In the event there is an effective registration statement under the Securities Act pursuant to which any Common Stock (or equity interests into which the Shares have been converted) shall be offered for sale in an underwritten offering, a Participant shall not, during the period requested by the underwriters managing the registered public offering, effect any public sale or distribution of Shares received, directly or indirectly, as an Award or pursuant to the exercise or settlement of an Award.

(xv) Neither the Company any Subsidiary, or the Administrator shall have any duty or obligation to disclose affirmatively to a record or beneficial holder of Shares or an Award, and such holder shall have no right to be advised of, any material information regarding the Company or any Subsidiary at any time prior to, upon or in connection with receipt or the exercise of an Award or the Company's purchase of Shares or an Award from such holder in accordance with the terms hereof.

(xvi) This Plan, and all Awards, agreements and actions hereunder, shall be governed by, and construed in accordance with, the laws of the state of Delaware (other than its law respecting choice of law).

15. DEFERRAL OF AWARDS.

The Administrator (in its sole discretion) may permit a Participant to:

(a) have cash that otherwise would be paid to such Participant as a result of the exercise of an Equity Appreciation Right or the settlement of an Equity Award credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books;

(b) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or an Equity Appreciation Right converted into an equal number of Share units; or

(c) have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Equity Option or Equity Appreciation Right or the settlement of an Equity Award converted into amounts credited to a deferred compensation account established for such Participant by the Administrator as an entry on the Company's books. Such amounts shall be determined by reference to the Fair Market Value of the Shares as of the date on which they otherwise would have been delivered to such Participant.

A deferred compensation account established under this Section 15 maybe credited with interest or other forms of investment return, as determined by the Administrator. A Participant for whom such an account is established shall have no rights other than those of a general creditor of the Company. Such an account shall represent an unfunded and unsecured obligation of the Company and shall be subject to the terms and conditions of the applicable agreement between such Participant and the Company. If the deferral or conversion of awards is permitted or required, the Administrator (in its sole discretion) may establish rules, procedures and forms pertaining to such awards, including (without limitation) the settlement of deferred compensation accounts established under this Section 15.

16. DEFINITIONS.

For purposes of this Plan, the following terms are defined as set forth below:

(a) "*Award*" means an Equity Appreciation Right, Equity Option or Equity Award.

(b) "*Board*" means the Board of Directors of the Company.

(c) "*Cause*" means (i) the conviction of the Participant for committing a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in the course of fulfilling the Participant's duties as an employee or director of, or consultant or advisor to the Company or any Subsidiary, (iii) willful and deliberate failure on the part of the Participant to perform such duties in any material respect, or (iv) the Participant's engagement in misconduct which is materially injurious to the Company or any Subsidiary. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term "Cause" (or a similar term), such definition shall govern for purposes of determining whether such Participant has been terminated for Cause for purposes of this Plan. The determination of Cause shall be made by the Administrator, in its sole discretion.

(d) *"Code"* means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(e) *"Commission"* means the Securities and Exchange Commission or any successor agency.

(f) *"Common Stock"* means the Class A and Class B common stock of the Company, par value .01 per share.

(g) *"Company"* means Huron Consulting Group Inc., a Delaware corporation and, for purposes of the Restrictive Covenants only, the term "Company" shall include the Company, any Subsidiary and any of the Company's or a Subsidiary's assignees, successors in interest and affiliates.

(h) *"Disability"* means mental or physical illness that entitles the Participant to receive benefits under the long-term disability plan of the Company or any Subsidiary, or if the Participant is not covered by such a plan or the Participant is not an employee of the Company or any Subsidiary, a mental or physical illness that renders a Participant totally and permanently incapable of performing the Participant's duties for the Company or any Subsidiary; provided, however, that a Disability shall not qualify under this Plan if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered or incurred while participating in a criminal offense. Notwithstanding the foregoing, if the Participant and the Company or any Subsidiary have entered into an employment or services agreement which defines the term "Disability" (or a similar term), such definition shall govern for purposes of determining whether such Participant suffers a Disability for purposes of this Plan. The determination of Disability shall be made by the Administrator, in its sole discretion. The determination of Disability for purposes of this Plan shall not be construed to be an admission of disability for any other purpose.

(i) *"Effective Date"* means May 16, 2003.

(j) *"Eligible Individual"* means any officer or employee of the Company or any Subsidiary, any member of the Company's or any Subsidiary's Board of Directors or comparable governing body, or any consultant or advisor providing services to the Company or any Subsidiary.

(k) *"Equity Appreciation Right"* means a right granted under Section 5.

(l) *"Equity Award"* means an Award, other than an Equity Option or Equity Appreciation Right, made in Shares or denominated in Shares.

(m) *"Equity Option"* means an option granted under Section 4.

(n) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(o) *"Fair Market Value"* means, as of any given date, the fair market value of the Shares as determined by the Administrator in its sole discretion or under procedures established by the Administrator, whose determination shall be conclusive and binding.

(p) *"HCG Holdings"* means HCG Holdings LLC, a Delaware limited liability company.

(q) *"Operating Agreement"* means that certain Amended and Restated Operating Agreement of HCG Holdings, dated as of July 9, 2002.

(r) *"Optionee"* means a person who holds an Equity Option.

(s) *"Participant"* means a person granted an Award.

(t) *"Qualified Public Offering"* means the closing of a public offering pursuant to a registration statement declared effective under the Securities Act, covering the offer and sale of any Common Stock of the Company that is designated as a Qualified Public Offering by the Board.

(u) *"Representative"* means (i) the person or entity acting as the executor or administrator of a Participant's estate pursuant to the last will and testament of a Participant or pursuant to the laws of the jurisdiction in which the Participant had his or her primary residence at the date of the Participant's death; (ii) the person or entity acting as the guardian or temporary guardian of a Participant; (iii) the person or entity which is the beneficiary of the Participant upon or following the Participant's death; or (iv) any person to whom an Equity Option has been transferred with the permission of the Administrator or by operation of law; provided that only one of the foregoing shall be the Representative at any point in time as determined under applicable law and recognized by the Administrator.

(v) *"Retirement"* means retirement from active employment under a pension plan of the Company or any Subsidiary, or under an employment contract with any of them, or termination of employment or provision of services at or after age 55 under circumstances which the Administrator, in its sole discretion, deems equivalent to retirement.

(w) *"Securities Act"* means the Securities Act of 1933, as amended.

(x) *"Share"* means Class B common stock, par value .01 per share, of the Company.

(y) *"Subsidiary"* means any person or entity during any period in which more than 50 percent of the ordinary voting power or equity interests of such person or entity are owned or controlled, directly or indirectly, by the Company.

(z) *"Termination"* means the termination of services as an employee of Company and any Subsidiary for any reason.

In addition, certain other terms used herein have the definitions given to them in the first places in which they are used.

EQUITY OPTION AGREEMENT

THIS EQUITY OPTION AGREEMENT (this "Agreement"), dated as of ______ ("Grant Date"), is between ______ (the "Participant"), and Huron Consulting Group Inc., a Delaware corporation (the "Company"), relating to options granted under the **Huron Consulting Group Inc. 2003 Equity Incentive Plan** (the "Plan"). Capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Equity Option, Equity Option Price and Term.

(a) The Company grants to the Participant an Equity Option to purchase ______ Shares, at a price of $______ per Share, subject to the provisions of the Plan and the terms and conditions herein.

(b) The term of this Equity Option shall be a period of ten (10) years from the Grant Date (the "Option Period"). During the Option Period, the Equity Option shall be exercisable as of the date set forth below according to the percentage set forth opposite such date:

Date	Cumulative Percentage Exercisable
1 year following the Grant Date	**25%**
2 years following the Grant Date	**50%**
3 years following the Grant Date	**75%**
4 years following the Grant Date	**100%**

Notwithstanding the foregoing or anything in the Plan to the contrary, in the event the Participant incurs a termination of employment for any reason whatsoever as an employee of the Company or any subsidiary, any then unexercisable portion of any outstanding Equity Options (whether granted herein or pursuant to another Equity Option Agreement) will be immediately forfeited and terminated.

(c) The Company shall not be required to issue any fractional Shares pursuant to this Equity Option.

2. Exercise. After the Equity Option becomes exercisable, the Equity Option may only be exercised by the delivery to the Company of a properly completed written notice, in form satisfactory to the Administrator, which notice shall specify the number of Shares to be purchased and the aggregate exercise price for such Shares, together with payment in full of such aggregate exercise price. Payment shall only be made as specified in the Plan. For all purposes of this Agreement, the date of the exercise of the Equity Option shall be the date upon which there is compliance with all such requirements.

3. Payment of Withholding Taxes. If the Company, or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the exercise of the Equity Option, the Participant shall be required to pay such amount to the Company prior to delivery of Shares. The Participant acknowledges and agrees that he or she is responsible for the tax consequences associated with the grant of the Equity Option and its exercise. The Participant shall not have Shares withheld to satisfy withholding tax obligations that are an amount in excess of the Company's minimum required tax withholding.

4. **Changes in Company's Capital Structure.** The existence of an Equity Option will not affect in any way the right or authority of the Company to make or authorize (a) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (b) any merger or consolidation of the Company's capital structure or its business; (c) any merger or consolidation of the Company; (d) any issue of bonds, debentures, preferred or prior preference equity interests ahead of or affecting the Shares or the rights thereof; (e) the dissolution or liquidation of the Company; (f) any sale or transfer of all or any part of the Company's assets or business; or (g) any other corporate act or proceeding, whether of a similar character or otherwise. In the event of a Qualified Change of Control or other restructuring provided for in the Plan, the Participant shall have such rights, and the Administrator shall take such actions, as are provided for in the Plan.

5. **Plan.** The Equity Option is granted pursuant to the Plan, and the Equity Option and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited.

6. **Employment Rights.** No provision of this Equity Option Agreement or of the Equity Option granted hereunder shall give the Participant any right to continue in the employ of the Company or any Subsidiary, create any inference as to the length of employment of the Participant, affect the right of the Company or any Subsidiary to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

7. **Governing Law.** This Equity Option Agreement and the Equity Option granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law).

8. **Arbitration.** Any controversy or claim arising out of or related to (A) the Plan, (B) this Agreement, (C) the breach of the Plan or this Agreement, (D) a Participant's employment with the Company or any of its Subsidiaries or the termination of such employment or (E) 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, effective as of January 1, 2001 (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 36 of the AAA's Commercial Arbitration Rules effective as of September 1, 2000 (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 a Participant in connection with the Participant's employment with the Company or any of its Subsidiaries 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 Employee Retirement Income Security Act of 1974, the Americans with Disability Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any similar federal, state or local statute.

9. Waiver; Cumulative Rights; Third Party Beneficiary. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time. The parties hereto acknowledge and agree that Huron Consulting Group LLC shall be a third party beneficiary of this Agreement and shall be entitled to enforce this Agreement against the Participant as if it were a party hereto.

10. Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company, at the address provided below, and the Participant at his address as shown on the Company's payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company: Huron Consulting Group Inc.

11. Complete Agreement. This Agreement, those documents expressly referred to herein, and the Plan embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

IN WITNESS WHEREOF, the Company has caused this Equity Option Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand, all as of the day and year first above written.

HURON CONSULTING GROUP INC.

____
By:
Its:

PARTICIPANT:

____
NAME

Exhibit 10.18

SECOND AMENDED AND RESTATED
SECURED REVOLVING LINE OF CREDIT NOTE

$15,000,000.00

Chicago, Illinois
February 11, 2004

FOR VALUE RECEIVED, HURON CONSULTING GROUP LLC, a Delaware limited liability company ("Borrower"), promises to pay to the order of **LASALLE BANK NATIONAL ASSOCIATION** (the "Bank"), at such place as Bank may from time to time designate in writing, the principal sum of **FIFTEEN MILLION AND NO/100 DOLLARS**, ($15,000,000.00), or such lesser principal sum as may then be owed by Borrower to Bank hereunder. Any principal that is borrowed and repaid hereunder may be borrowed again in accordance with the terms of this Note and that certain Loan and Security Agreement dated January 31, 2003 between Borrower and Bank, as amended pursuant to a certain First Amendment to Loan and Security Agreement dated January 28, 2004 and a certain Second Amendment to Loan and Security Agreement of even date herewith pursuant to which this Note is being delivered (collectively, the "Loan Agreement"). Except as hereinafter provided, Borrower's obligations and liabilities to Bank under this Note (collectively, the "Borrower's Liabilities") unpaid from time to time shall bear interest at the rate(s) hereinafter set forth from the date advanced, disbursed or otherwise incurred until paid.

All outstanding principal shall be payable on or prior to February 10, 2005 (the "Maturity Date").

The amount of principal hereunder shall bear interest as provided in the Loan Agreement

In no event will the interest rate hereunder exceed that permitted by applicable law. If any interest or other charge is finally determined by a court of competent, jurisdiction to exceed the maximum amount permitted by law, the interest or charge shall be reduced to the maximum permitted by law, and the Bank may credit any excess amount previously collected against the balance due or refund the amount to the Borrower.

Any check, draft or similar item of payment by or for the account of Borrower delivered to Bank on account of Borrower's Liabilities shall, provided the same is honored by Bank and final settlement thereof is reflected by irrevocable credit to Bank, be applied by Bank on account of Borrower's Liabilities in accordance with Bank's funds availability schedule and in such order as Bank shall determine in its sole discretion.

Borrower warrants and represents to Bank and covenants with Bank that Borrower is not in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds represented by this Note will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

This Note amends and restates that certain Amended and Restated Secured Revolving Line of Credit Note (the “Prior Note”) in the principal amount of Six Million Five Hundred Thousand and 00/100 Dollars ($6,500,000.00) dated January 28, 2004 made by Borrower in favor of Bank. The indebtedness evidenced by the Prior Note is continuing indebtedness, and nothing herein shall be deemed to constitute a payment, settlement or novation of the Prior Note, or to release or otherwise adversely affect any lien, mortgage or security interest securing such indebtedness or any rights of Bank against any guarantor, surety or other party primarily or secondarily liable for such indebtedness.

The occurrence of an Event of Default under the Loan Agreement shall constitute an Event of Default under this Note.

Upon an Event of Default hereunder, Bank shall have the rights set forth in the Loan Agreement. The acceptance by Bank of any partial payment made hereunder after the time when any obligation under this Note becomes due and payable will not establish a custom, or waive any rights of Bank to enforce prompt payment hereof. Borrower and every endorser hereof waive presentment, demand and protest and notice of presentment, protest, default, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note.

This Note and Borrower’s Liabilities hereunder are secured by all security interests, mortgages, liens and encumbrances heretofore, now or hereafter granted to Bank by Borrower in the Loan Agreement.

Collection fees and costs (including but not limited to reasonable attorneys’ fees and costs) incurred by Bank in connection with the collection or enforcement of this Note will be payable in accordance with the Loan Agreement.

If any provision of this Note or the application thereof to an party or circumstance is held invalid or unenforceable, the remainder of this Note and the application of such provision to other parties or circumstances will not be affected thereby and the provisions of this Note shall be severable in any such instance.

This Note is submitted by Borrower to Bank at Bank’s principal place of business and shall be deemed to have been made thereat. This Note shall be governed and controlled by the laws of the State of Illinois as to interpretation, enforcement, validity, construction, effect, choice of law and in all other respects.

To induce Bank to accept this Note, Borrower irrevocably agrees that, subject to Bank’s sole and absolute election, all actions or proceedings in any way, manner or respect, arising out of or from or related to this Note, shall be litigated in courts having situs within Cook County, Illinois. Borrower hereby consents and submits to the jurisdiction of any local, state or federal court located within said county, and state. Borrower hereby waives any right Borrower may have to transfer or change the venue of any litigation brought against Borrower by Bank in accordance with this paragraph.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

HURON CONSULTING GROUP LLC, a Delaware limited liability company

By: /s/ Gary L. Burge

Name: Gary L. Burge

Title: CFO

Exhibit 10.19

LOAN AND SECURITY AGREEMENT
between
HURON CONSULTING GROUP LLC
and
LASALLE BANK NATIONAL ASSOCIATION

Dated January 31, 2003

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LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (the "Agreement") dated as of January 31, 2003, is executed by and between HURON CONSULTING GROUP LLC, a Delaware limited liability company (the "Borrower"), whose address is 550 W. Van Buren Street, Chicago, Illinois 60607, and LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank"), whose address is 135 South LaSalle Street, Chicago, Illinois 60603.

In consideration of the mutual agreements hereinafter set forth, the Borrower and the Bank hereby agree as follows:

1. DEFINITIONS.

1.1 Defined Terms. For the purposes of this Agreement, the following capitalized words and phrases shall have the meanings set forth below.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, as now existing or hereafter amended.

"Borrowing Base Amount" shall mean the lesser of (i) an amount equal to seventy-five (75%) of the net amount of the Eligible Accounts, or (ii) Five Million and 00/100 Dollars ($5,000,000.00).

"Borrowing Base Certificate" shall have the meaning set forth in Section 3.1 hereof.

"Business Day" shall mean any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in Chicago, Illinois.

"Capital Expenditures" shall mean expenditures (including Capital Lease obligations which should be capitalized under GAAP) for the acquisition of fixed assets which are required to be capitalized under GAAP.

"Capital Lease" shall mean, as to any Person, a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, in accordance with Financial Accounting Standards Board Statement No. 13, as amended from time to time, or, if such Statement is not then in effect, such statement of GAAP as may be applicable, recorded as a "capital lease" on the balance sheet of the Borrower prepared in accordance with GAAP.

"Change in Control" shall have the meaning set forth in Section 11 hereof.

"Collateral" shall have the meaning set forth in Section 6.1.

"Contingent Liability" and "Contingent Liabilities" shall mean, respectively, each obligation and liability of the Borrower and all such obligations and liabilities of the Borrower incurred pursuant to any agreement, undertaking or arrangement by which the Borrower: (a) guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, dividend, obligation or other liability of any other Person in any manner (other than by endorsement of instruments in the course of collection), including without limitation, any indebtedness, dividend or other obligation which may be issued or incurred at some future time; (b) guarantees the payment of dividends or other distributions upon the shares or ownership interest of any other Person; (c) undertakes or agrees (whether contingently or otherwise): (i) to purchase, repurchase, or otherwise acquire any indebtedness, obligation or liability of any other Person or any property or assets constituting security therefor, (ii) to advance or provide funds for the payment or discharge of any indebtedness, obligation or liability of any other Person (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, working capital or other financial condition of any other Person, or (iii) to make payment to any other Person other than for value received; (d) agrees to lease property or to purchase securities, property or services from such other Person with the purpose or intent of assuring the owner of such indebtedness or obligation of the ability of such other Person to make payment of the indebtedness or obligation: (e) to induce the issuance of, or in connection with the issuance of, any letter of credit for the benefit of such other Person; or (f) undertakes or agrees otherwise to assure a creditor against loss. The amount of any Contingent Liability shall (subject to any limitation set forth herein) be deemed to be the outstanding principal amount (or maximum permitted principal amount, if larger) of the indebtedness, obligation or other liability guaranteed or supported thereby.

"Default Rate" shall mean a per annum rate of interest equal to the Prime Rate plus two percent (2%) per annum.

"Eligible Accounts" shall mean those Accounts of the Borrower which:

(a) are genuine in all respects and have arisen in the ordinary course of the Borrower's business from (i) the performance of services by the Borrower, which services have been fully performed or (ii) the sale or lease of Goods by the Borrower, including C.O.D. sales, which Goods have been completed in accordance with the Account Debtor's specifications (if any) and delivered to and accepted by the Account Debtor, and the Borrower has possession of, or has delivered to the Bank at the Bank's request, shipping and delivery receipts evidencing such shipment;

(b) are evidenced by an invoice delivered to the Account Debtor thereunder and are not more than ninety (90) days outstanding past the invoice date;

(c) do not arise from a "sale on approval" or a "sale or return";

(d) are not due from an Account Debtor which is a Subsidiary or a director, officer, employee, agent, parent or affiliate of the Borrower;

(e) do not arise in connection with a sale to an Account Debtor who (i) is not a resident or citizen of or (ii) is not located within the United States of America;

(f) do not arise in connection with a sale to an Account Debtor who is located within a state which requires the Borrower, as a precondition to commencing or maintaining an action in the courts of that state, either to (i) receive a certificate of authority to do business and be in good standing in such state or (ii) file a notice of business activities or similar report with such state's taxing authority, unless (A) the Borrower has taken one of the actions described in clauses (i) or (ii), (B) the failure to take one of the actions described in either clause (i) or (ii) may be cured retroactively by the Borrower at its election, or (C) the Borrower has proven to the satisfaction of the Bank that it is exempt from any such requirements under such state's laws;

(g) do not arise out of a contract or order which, by its terms, forbids or makes void or unenforceable the assignment by the Borrower to the Bank of the Account arising with respect thereto and are not unassignable to the Bank for any other reason;

(h) are the valid, legally enforceable and unconditional obligation of the Account Debtor, are not the subject of any setoff, counterclaim, credit, allowance or adjustment by the Account Debtor, or of any claim by the Account Debtor denying liability thereunder in whole or in part, and the Account Debtor has not refused to accept and/or has not returned or offered to return any of the Goods or services which are the subject of such Account;

(i) are not subject to any Lien whatsoever, other than the Lien of the Bank; and

(j) no proceedings or actions are pending against the Account Debtor which would be reasonably likely to result in any material adverse change in its ability to pay such Account in full.

An Account which is an Eligible Account shall cease to be an Eligible Account whenever it ceases to meet any one of the foregoing requirements.

If invoices representing twenty-five percent (25%) or more of the unpaid net amount of all Accounts from any one Account Debtor are unpaid more than ninety (90) days after the invoice date of such invoices, then all Accounts relating to such Account Debtor shall cease to be Eligible Accounts.

"Employee Plan" includes any pension, stock bonus, employee stock ownership plan, retirement, disability, medical, dental or other health plan, life insurance or other death benefit plan, profit sharing, deferred compensation, stock option, bonus or other incentive plan, vacation benefit plan, severance plan or other employee benefit plan or arrangement, including, without limitation, those pension, profit-sharing and retirement plans of the Borrower described from time to time in the financial statements of the Borrower and any pension plan, welfare plan, Defined Benefit Pension Plans (as defined in ERISA) or any multi-employer plan, maintained or administered by the

Borrower or to which the Borrower is a party or may have any liability or by which the Borrower is bound.

"Environmental Laws" shall mean all federal, state, district, local and foreign laws, rules, regulations, ordinances, and consent decrees relating to health, safety, hazardous substances, pollution and environmental matters, as now or at any time hereafter in effect, applicable to the Borrower's business or facilities owned or operated by the Borrower, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contamination, chemicals, or hazardous, toxic or dangerous substances, materials or wastes in the environment (including, without limitation, ambient air, surface water, land surface or subsurface strata) or otherwise relating to the generation. manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Event of Default" shall mean any of the events or conditions set forth in Section 11 hereof.

"GAAP" shall mean generally accepted accounting principles, using the accrual basis of accounting and consistently applied with prior periods, provided, however, that GAAP with respect to any interim financial statements or reports shall be deemed subject to fiscal year-end adjustments and footnotes made in accordance with GAAP.

"Hazardous Materials" shall mean any hazardous, toxic or dangerous substance, materials and wastes, including, without limitation, hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including, without limitation, materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials or wastes that are or become regulated under any Environmental Law (including without limitation, any that are or become classified as hazardous or toxic under any Environmental Law).

"Indebtedness" shall mean at any time (a) all Liabilities of the Borrower, (b) all Capital Lease obligations of the Borrower, (c) all other debt, secured or unsecured, created, issued, incurred or assumed by the Borrower for money borrowed or for the deferred purchase price of any fixed or capital asset, (d) indebtedness secured by any Lien existing on property owned by the Borrower whether or not the Indebtedness secured thereby has been assumed, and (e) all Contingent Liabilities of the Borrower whether or not reflected on its balance sheet.

"Indemnified Party" and "Indemnified Parties" shall mean, respectively, each of the Bank and any parent corporations, affiliated corporations or subsidiaries of the Bank, and each of their respective officers, directors, employees, attorneys and agents, and all of such parties and entities.

"Interest Period" shall mean, with regard to any LIBOR Loan, successive one, two, three or six month periods as selected from time to time by the Borrower by notice given to the Bank not less than two Business Days prior to the first day of each respective Interest Period; provided, however, that: (i) each such Interest Period occurring after the initial Interest Period of any LIBOR Loan shall commence on the day on which the preceding Interest Period for such LIBOR Loan expires, (ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, then the last day of such Interest Period shall occur on the immediately preceding Business Day; (iii) whenever the first day of any Interest Period occurs on a day of a month for which there is no numerically corresponding day in the calendar month in which such Interest Period terminates, such Interest Period shall end on the last Business Day of such calendar month; and (iv) the final Interest Period must be such that its expiration occurs on or before the Revolving Loan Maturity Date.

"Letter of Credit" and "Letters of Credit" shall mean, respectively, a letter of credit and all such letters of credit issued by the Bank, in its sole discretion, upon the execution and delivery by the Borrower and the acceptance by the Bank of a Master Letter of Credit Agreement and an application for Letter of Credit, as set forth in Section 2.4 of this Agreement.

"Letter of Credit Obligations" shall mean, at any time, an amount equal to the aggregate of the original face amounts of all Letters of Credit minus the sum of (i) the amount of any reductions in the original face amount of any Letter of Credit which did not result from a draw thereunder, (ii) the amount of any payments made by the Bank with respect to any draws made under a Letter of Credit for which the Borrower has reimbursed the Bank, (iii) the amount of any payments made by the Bank with respect to any draws made under a Letter of Credit which have been converted to a Revolving Loan as set forth in Section 2.4, and (iv) the portion of any issued but expired Letter of Credit which has not been drawn by the beneficiary thereunder. For purposes of determining the outstanding Letter of Credit Obligations at any time, the Bank's acceptance of a draft drawn on the Bank pursuant to a Letter of Credit shall constitute a draw on the applicable Letter of Credit at the time of such acceptance rather than at the time that the request for such draw is received by the Bank.

"Liabilities" shall mean at all times all liabilities of the Borrower that would be shown as such on a balance sheet of the Borrower prepared in accordance with GAAP.

"LIBOR" shall mean a rate of interest equal to the per annum rate of interest at which United States dollar deposits in an amount comparable to the amount of the relevant LIBOR Loan and for a period equal to the relevant Interest Period are offered generally to the Bank (rounded upward if necessary, to the nearest 1/100 of 1.00%) in the London Interbank Eurodollar market at 11:00 a.m. (London time) two Business Days prior to the commencement of each Interest Period less the maximum reserve percentages for determining reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency liabilities, or as LIBOR is otherwise determined by the Bank in its sole and absolute discretion, such rate to remain fixed for such Interest Period. The Bank's determination of LIBOR shall be conclusive, absent manifest error.

"LIBOR Loan" or "LIBOR Loans" shall mean that portion, and collectively those portions, of the aggregate outstanding principal balance of the Revolving Loans that will bear interest at the LIBOR Rate, of which at any time and from time to time, the Borrower may identify no more than five (5) advances of the Revolving Loans which are outstanding at any time which will bear interest at the LIBOR Rate, of which each particular LIBOR Loan must be in the amount of Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) or a higher integral multiple of Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00).

"LIBOR Rate" shall mean a per annum rate of interest equal to LIBOR for the relevant Interest Period (rounded upward if necessary, to the nearest 1/100 of 1.00%) plus two and three-quarters percent (2.75%), which LIBOR Rate shall remain fixed during such Interest Period.

"Lien" shall mean any mortgage, pledge, hypothecation, judgment lien or similar legal process, title retention lien, or other lien or security interest, including, without limitation, the interest of a vendor under any conditional sale or other title retention agreement and the interest of a lessor under a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, a Capital Lease on the balance sheet of the Borrower prepared in accordance with GAAP.

"Loans" shall mean, collectively, all Revolving Loans (whether Prime Loans or LIBOR Loans) made by the Bank to the Borrower and all Letter of Credit Obligations, under and pursuant to this Agreement.

"Loan Documents" shall have the meaning set forth in Section 3.1.

"Mandatory Prepayment" shall mean any payment required to be made pursuant to Section 2.1(c)(i).

"Material Adverse Change" shall mean the occurrence of any event which, in the Bank's good faith opinion, would have a material adverse change in the financial condition of the Borrower.

"Material Adverse Event" shall mean the occurrence of any adverse event which, in the Bank's good faith opinion, would have a material adverse effect on the business of the Borrower.

“Maximum Letter of Credit Obligation” shall mean the lesser of (a) the Revolving Loan Amount less the aggregate amount of all Revolving Loans outstanding at any time, or (b) the Borrowing Base Amount less the aggregate amount of all Revolving Loans outstanding at any time.

“Note” shall mean the Revolving Note.

“Obligations” shall mean the Loans, as evidenced by the Note, all interest accrued thereon, any fees due the Bank hereunder, any expenses incurred by the Bank hereunder and any and all other liabilities and obligations of the Borrower (and of any partnership in which the Borrower is or may be a partner) to the Bank, howsoever created, arising or evidenced, and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, direct or indirect, absolute or contingent, and whether several, joint or joint and several.

“Permanent Equity Capital” shall mean the sum of paid in capital and net income less any distributions.

“Permitted Liens” means any of the Liens or encumbrances set forth in Section 8.2.

“Person” shall mean any individual, partnership, limited liability company, corporation, trust, joint venture, joint stock company, association, unincorporated organization, government or agency or political subdivision thereof, or other entity.

“Prime Loan” or “Prime Loans” shall mean that portion, and collectively, those portions of the aggregate outstanding principal balance of the Revolving Loans that will bear interest at the Prime Rate per annum.

“Prime Rate” shall mean the floating per annum rate of interest which at any time, and from time to time, shall be most recently announced by the Bank as its Prime Rate, which is not intended to be the Bank’s lowest or most favorable rate of interest at any one time. The effective date of any change in the Prime Rate shall for purposes hereof be the date the Prime Rate is changed by the Bank. The Bank shall not be obligated to give notice of any change in the Prime Rate.

“Regulatory Change” shall mean the introduction of, or any change in any applicable law, treaty, rule, regulation or guideline or in the interpretation or administration thereof by any governmental authority or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or its lending office.

“Revolving Interest Rate” shall mean (a) the Prime Rate, and/or (b) the LIBOR Rate, at the Borrower’s election, from time to time, in accordance with the terms hereof.

“Revolving Loan” and “Revolving Loans” shall mean, respectively, each direct advance and the aggregate of all such direct advances, from time to time in the form of either Prime Loans and/or LIBOR Loans, made by the Bank to the Borrower under and pursuant to this Agreement, as set forth in Section 2.1 of this Agreement.

"Revolving Loan Amount" shall mean Five Million and 00/100 Dollars ($5,000,000.00).

"Revolving Loan Availability" shall mean at any time, the lesser of (a) the Revolving Loan Amount less the Letter of Credit Obligations, or (b) the Borrowing Base Amount less the Letter of Credit Obligations.

"Revolving Note" shall have the meaning set forth in Section 4.1 hereof.

"Revolving Loan Maturity Date" shall mean January 31, 2004, unless extended by the Bank pursuant to any modification, extension or renewal note executed by the Borrower and accepted by the Bank in its sole and absolute discretion in substitution for the Revolving Note.

"Subsidiary" and "Subsidiaries" shall mean, respectively, each and all such corporations, partnerships, limited partnerships, limited liability companies, limited liability partnerships or other entities of which or in which the Borrower owns directly or indirectly fifty percent (50.00%) or more of (a) the combined voting power of all classes of stock having general voting power under ordinary circumstances to elect a majority of the board of directors of such entity if a corporation, (b) the management authority and capital interest or profits interest of such entity, if a partnership, limited partnership, limited liability company, limited liability partnership, joint venture or similar entity, or (iii) the beneficial interest of such entity, if a trust, association or other unincorporated organization.

"UCC" shall mean the Uniform Commercial Code in effect in Delaware from time to time.

1.2 Accounting Terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with GAAP. Calculations and determinations of financial and accounting terms used and not otherwise specifically defined hereunder and the preparation of financial statements to be furnished to the Bank pursuant hereto shall be made and prepared, both as to classification of items and as to amount, in accordance with GAAP as used in the preparation of the financial statements of the Borrower on the date of this Agreement. If any changes in accounting principles or practices from those used in the preparation of the financial statements are hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or any successor thereto or agencies with similar functions), which results in a material change in the method of accounting in the financial statements required to be furnished to the Bank hereunder or in the calculation of financial covenants, standards or terms contained in this Agreement, the parties hereto agree to enter into good faith negotiations to amend such provisions so as equitably to reflect such changes to the end that the criteria for evaluating the financial condition and performance of the Borrower will be the same after such changes as they were before such changes; and if the parties fail to agree on the amendment of such provisions, the Borrower will furnish financial statements in accordance with such changes but shall provide calculations for all financial covenants, perform all financial covenants and otherwise observe all financial standards and terms in accordance with applicable accounting principles and practices in effect immediately prior to such changes. Calculations with respect to financial covenants required to be stated in accordance with applicable accounting principles and practices in effect immediately prior to such changes shall be reviewed and certified by the Borrower's accountants.

1.3 Other Terms Defined in UCC. All other capitalized words and phrases used herein and not otherwise specifically defined shall have the respective meanings assigned to such terms in the UCC, as amended from time to time, to the extent the same are used or defined therein.

1.4 Other Definitional Provisions; Construction. Whenever the context so requires, the neuter gender includes the masculine and feminine, the single number includes the plural, and vice versa, and in particular the word "Borrower" shall be so construed. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and references to Article, Section, Subsection, Annex, Schedule, Exhibit and like references are references to this Agreement unless otherwise specified. An Event of Default shall "continue" or be "continuing" until such Event of Default has been cured or waived in accordance with Section 13.3 hereof. References in this Agreement to any party shall include such party's successors and permitted assigns. References to any "Section" shall be a reference to such Section of this Agreement unless otherwise stated. To the extent any of the provisions of the other Loan Documents are inconsistent with the terms of this Loan Agreement, the provisions of this Loan Agreement shall govern.

2. LOANS.

2.1 Revolving Loans.

(a) Revolving Loan Facility. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties of the Borrower set forth herein and in the other Loan Documents, the Bank agrees to make such Revolving Loans at such times as the Borrower may from time to time request until, but not including, the Revolving Loan Maturity Date, and in such amounts as the Borrower may from time to time request, provided, however, that the aggregate principal balance of all Revolving Loans outstanding at any time shall not exceed the Revolving Loan Availability. Revolving Loans made by the Bank may be repaid and, subject to the terms and conditions hereof, borrowed again up to, but not including the Revolving Loan Maturity Date unless the Revolving Loans are otherwise terminated or extended as provided in this Agreement. The Revolving Loans shall be used by the Borrower for the purpose of working capital and other general corporate purposes.

(b) Revolving Loan Interest and Payments. Except as otherwise provided in this Section 2.1(b), the principal amount of the Revolving Loans outstanding from time to time shall bear interest at the Revolving Interest Rate. Accrued and unpaid interest on the unpaid principal balance of all Revolving Loans outstanding from time to time which are Prime Loans, shall be due and payable quarterly, in arrears, commencing on April 30, 2003 and continuing on the last calendar day of each quarter thereafter, and on the Revolving Loan Maturity Date. Accrued and unpaid interest on the unpaid principal balance of all Revolving Loans outstanding from time to time which are LIBOR Loans shall be payable on the last Business Day of each Interest Period, commencing on the first such date to occur after the date hereof, on the date of any principal repayment of a LIBOR Loan and on the Revolving Loan Maturity Date. Any amount of principal or interest on the Revolving Loans which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest payable on demand at the Default Rate. Borrower shall receive telephonic notice from Bank of the amount of the Revolving Interest Rate.

(c) Revolving Loan Principal Repayments.

(i) Mandatory Principal Prepayments, Overadvances and Mandatory Cleanup/Cleandown Provision. All Revolving Loans hereunder shall be repaid by the Borrower on the Revolving Loan Maturity Date, unless payable sooner pursuant to the provisions of this Agreement. In the event the aggregate outstanding principal balance of all Revolving Loans and Letter of Credit Obligations hereunder exceed the Revolving Loan Availability, the Borrower shall, without notice or demand of any kind, immediately make such repayments (each a "Mandatory Prepayment") of the Revolving Loans or take such other actions as shall be necessary to eliminate such excess. Also, if the Borrower chooses not to convert any Revolving Loan which is a LIBOR Loan to a Prime Loan as provided in Section 2.2(b) and Section 2.2(c), then such Revolving Loan shall be immediately due and payable on the last Business Day of the then existing Interest Period or on such earlier date as required by law, all without further demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

In addition to the foregoing, the Borrower shall make a single mandatory prepayment (also referred to herein as a "Mandatory Prepayment") on any Business Day which is (A) at least thirty (30) days prior to the Revolving Loan Maturity Date and (B) if any of the Revolving Loans are LIBOR Loans, the last Business Day of the then current Interest Period for such LIBOR Loans. Such Mandatory Prepayment shall be in an amount equal to the then aggregate principal amount of all Revolving Loans outstanding. After the date of the Mandatory Prepayment, no Revolving Loan shall be made for a period of thirty (30) days.

(ii) Optional Prepayments. In addition to the Mandatory Prepayment, the Borrower may from time to time prepay the Revolving Loans which are Prime Loans, in whole or in part, without any prepayment penalty whatsoever, subject to the following conditions: (i) each partial prepayment shall be in an amount equal to $10,000.00 or a higher integral multiple of $5,000; and (ii) any prepayment of the entire principal balance of the Prime Loans shall include accrued interest on such Prime Loans to the date of such prepayment and payment in full of all other Obligations (other than the LIBOR Loans), then due and payable.

2.2 Additional LIBOR Loan Provisions.

(a) LIBOR Loan Prepayments. If, for any reason, a LIBOR Loan is paid prior to the last Business Day of any Interest Period, the Borrower agrees to indemnify the Bank against any loss (including any loss on redeployment of the funds repaid), cost or expense incurred by the Bank as a result of such prepayment.

(b) LIBOR Unavailability. If the Bank determines in good faith (which determination shall be conclusive, absent manifest error) prior to the commencement of any Interest Period that (i) United States dollar deposits of sufficient amount and maturity for funding any LIBOR Loan are not available to the Bank in the London Interbank Eurodollar market in the ordinary course of business, or (ii) by reason of circumstances affecting the London Interbank Eurodollar market, adequate and fair means do not exist for ascertaining the rate of interest to be applicable to the relevant LIBOR Loan, the Bank shall promptly notify the Borrower thereof and, so long as the foregoing conditions continue, Revolving Loans may not be advanced as a LIBOR Loan thereafter. In addition, at the Borrower's option, each existing LIBOR Loan shall be immediately (i) converted to a Prime Loan on the last Business Day of the then existing Interest Period, or (ii) due and payable on the last Business Day of the then existing Interest Period, without further demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

(c) Regulatory Change. In addition, if, after the date hereof, a Regulatory Change shall, in the reasonable determination of the Bank, make it unlawful for the Bank to make or maintain the LIBOR Loans, then the Bank shall promptly notify the Borrower and Revolving Loans may not be advanced as a LIBOR Loan thereafter. In addition, at the Borrower's option, each existing LIBOR Loan shall be immediately (i) converted to a Prime Loan on the last Business Day of the then existing Interest Period or on such earlier date as required by law, or (ii) due and payable on the last Business Day of the then existing Interest Period or on such earlier date as required by law, all without further demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

(d) LIBOR Loan Indemnity. If any Regulatory Change (whether or not having the force of law) shall (a) impose, modify or deem applicable any assessment, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of or loans by, or any other acquisition of funds or disbursements by, the Bank; (b) subject the Bank or any LIBOR Loan to any tax, duty, charge, stamp tax or fee or change the basis of taxation of payments to the Bank of principal or interest due from the Borrower to the Bank hereunder (other than a change in the taxation of the overall net income of the Bank); or (c) impose on the Bank any other condition regarding such LIBOR Loan or the Bank's funding thereof, and the Bank shall determine (which determination shall be conclusive, absent manifest error) that the result of the foregoing is to increase the cost to the Bank of making or maintaining such LIBOR Loan or to reduce the amount of principal or interest received by the Bank hereunder, then the Borrower shall pay to the Bank, on demand, such additional amounts as the Bank shall, from time to time, determine are sufficient to compensate and indemnify the Bank for such increased cost or reduced amount.

2.3 Interest and Fee Computation; Collection of Funds. Except as set forth in Section 1.1 of this Agreement regarding the definition of the term "Interest Period," all interest and fees shall be calculated on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed. Principal payments submitted in funds not immediately available shall continue to bear interest until collected. If any payment to be made by the Borrower hereunder or under the Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment. In no event shall interest on any Libor Loan be payable less frequently than quarterly.

2.4 Letters of Credit. Subject to the terms and conditions of this Agreement and upon the execution by the Borrower and the Bank of a Master Letter of Credit Agreement and, upon the execution and delivery by the Borrower, and the acceptance by the Bank, in its sole and absolute discretion, of an application for letter of credit, the Bank agrees to issue for the account of the Borrower out of the Revolving Loan Availability, such Letters of Credit in the standard form of the Bank and otherwise in form and substance acceptable to the Bank, from time to time during the term of this Agreement, provided that the Letter of Credit Obligations may not at any time exceed the Maximum Letter of Credit Obligation and provided, further, that no Letter of Credit shall have an expiration date later than 365 days after the Revolving Loan Maturity Date. The amount of any payments made by the Bank with respect to draws made by a beneficiary under a Letter of Credit for which the Borrower has failed to reimburse the Bank upon the Bank's demand for repayment shall be deemed to have been converted to a Revolving Loan as of the date such payment was made by the Bank to such beneficiary. Upon the occurrence of an Event of a Default and at the option of the Bank, all Letter of Credit Obligations shall be converted to Prime Loans, all without demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower.

3. CONDITIONS OF EFFECTIVENESS AND BORROWING.

3.1 Effectiveness. Notwithstanding any other provision of this Agreement, this Agreement shall not be deemed effective until the date on which all of the following conditions shall have occurred (such date, the “Effective Date”).

3.2 Loan Documents. The Borrower shall have executed and delivered to the Bank all of the following Loan Documents (items (i)-(iv), collectively, the “Loan Documents”), all of which must be satisfactory to the Bank and the Bank’s counsel in form, substance and execution:

(a) Loan Agreement. Two copies of this Agreement duly executed by the Borrower.

(b) Revolving Note. A Revolving Note duly executed by the Borrower, in the form attached hereto as Exhibit “A”.

(c) Borrowing Base Certificate. A Borrowing Base Certificate in the form attached hereto as Exhibit “B” (a “Borrowing Base Certificate”), certified as accurate by the Borrower and acceptable to the Bank in its sole discretion.

(d) Resolutions. Resolutions of the sole member of the Borrower and board of directors of such member authorizing the execution of this Agreement and the other Loan Documents.

(e) Additional Documents. Such other certificates, financial statements, schedules, resolutions, opinions of counsel, notes and other documents which are provided for hereunder or which the Bank shall require.

3.3 Conditions to Funding. Notwithstanding any other provision of this Agreement, the Bank shall not be required to disburse or make all or any portion of a Loan on any date if any of the following conditions shall have occurred and be continuing on such date:

(a) Event of Default. Any Event of Default, or any event which, with notice or lapse of time, or both, would constitute an Event of Default, shall have occurred and be continuing.

(b) Representations and Warranties. Any representation or warranty of the Borrower contained herein or in any Loan Document shall be untrue or incorrect as of the date of any Loan as though made on such date, except to the extent such representation or warranty expressly relates to an earlier date.

3.4 Administrative Fee. The Borrower shall have paid to the Bank a one-time non-refundable administrative fee in the amount of Seventeen Thousand Five Hundred and 00/100 Dollars ($17,500.00) (.35% of the Revolving Loan Amount), payable whether or not the Revolving Loan is funded. In the event of any renewal or extension of the

Revolving Loan, the parties may negotiate additional administrative fees as a. condition to any such renewal or extension.

4. <u>NOTE EVIDENCING LOANS.</u>

4.1 <u>Revolving Note</u>. The Revolving Loans and the Letter of Credit Obligations shall be evidenced by a single Revolving Note (together with any and all renewal, extension, modification or replacement notes executed by the Borrower and delivered to the Bank and given in substitution therefor, the “Revolving Note”) in the form of <u>Exhibit “A”</u> attached hereto, duly executed by the Borrower and payable to the order of the Bank. At the time of the initial disbursement of a Revolving Loan and at each time an additional Revolving Loan shall be requested hereunder or a repayment made in whole or in part thereon, an appropriate notation thereof shall be made on the books and records of the Bank. All amounts recorded shall be, absent demonstrable error, conclusive and binding evidence of (i) the principal amount of the Revolving Loans advanced hereunder and the amount of all Letter of Credit Obligations, (ii) any unpaid interest owing on the Revolving Loans, and (iii) all amounts repaid on the Revolving Loans or the Letter of Credit Obligations. The failure to record any such amount or any error in recording such amounts shall not, however, limit or otherwise affect the obligations of the Borrower under the Revolving Note to repay the principal amount of the Revolving Loans, together with all interest accruing thereon.

5. <u>MANNER OF BORROWING.</u>

Each Loan shall be made available to the Borrower upon its request, from any Person whose authority to so act has not been revoked by the Borrower in writing previously received by the Bank. Each Revolving Loan may be advanced either as a Prime Loan or a LIBOR Loan, provided, however, that at any time and from time to time, the Borrower may identify no more than five (5) Revolving Loans outstanding at any one time which may be LIBOR Loans. A request for a Prime Loan must be received by no later than 11:00 a.m. Chicago, Illinois time, on the day it is to be funded. A request for a LIBOR Loan must be (i) received by no later than 11:00 a.m. Chicago, Illinois time, two days before the day it is to be funded, and (ii) in an amount equal to Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) or a higher integral multiple of Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00). If, for any reason, the Borrower shall fail to select timely an Interest Period for an existing LIBOR Loan, then such LIBOR Loan shall be immediately converted to a Prime Loan on the last Business Day of the then existing Interest Period, all without demand, presentment, protest or notice of any kind, all of which are hereby waived by the Borrower. The proceeds of each Prime Loan or LIBOR Loan shall be made available at the office of the Bank by credit to the account of the Borrower or by other means requested by the Borrower and acceptable to the Bank.

Each Letter of Credit shall be issued by the Bank upon the execution of the Bank’s standard Master Letter of Credit Agreement by the Borrower and the Bank, and the execution and delivery by the Borrower and the acceptance by the Bank, in its sole discretion, of the Bank’s standard application for Letter of Credit and the payment by the

Borrower of the Bank’s fees charged in connection therewith. In addition to all other applicable fees, charges and/or interest payable by the Borrower pursuant to the Master Letter of Credit Agreement or otherwise payable in accordance with the Bank’s standard letter of credit fee schedule, all standby Letters of Credit issued under and pursuant to this Agreement shall bear an annual fee equal to two and one-half percent (2.50%) of the undrawn amount of such standby Letter of Credit, payable by the Borrower on or before the issuance of such Letter of Credit by the Bank and annually thereafter on the same date unless and until (i) such Letter of Credit has expired or has been returned to the Bank, or (ii) the Bank has paid the beneficiary thereunder the full face amount of such Letter of Credit.

The Bank is authorized to rely on any written, electronic or telecopy loan requests which the Bank believes in its good faith judgment to emanate from a properly authorized representative of the Borrower, whether or not that is in fact the case. The Borrower does hereby irrevocably confirm, ratify and approve all such advances by the Bank and does hereby indemnify the Bank against losses and expenses (including court costs, attorneys’ and paralegals’ fees) and shall hold the Bank harmless with respect thereto.

6. SECURITY FOR THE OBLIGATIONS.

6.1 Security for Obligations. As security for the payment of the Obligations, the Borrower does hereby pledge, assign, transfer and deliver to the Bank and does hereby grant to the Bank a continuing and unconditional security interest in and to any and all property of the Borrower, of any kind or description, tangible or intangible, whether now existing or hereafter arising or acquired, including, but not limited to, the following (all of which property, along with the products and proceeds therefrom, are individually and collectively referred to as the “Collateral”):

(a) all property of, or for the account of, the Borrower now or hereafter coming into the possession, control or custody of, or in transit to, the Bank or any agent or bailee for the Bank or any parent, affiliate or subsidiary of the Bank in the Loans (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise), including all earnings, dividends, interest, or other rights in connection therewith and the products and proceeds therefrom, including the proceeds of insurance thereon; and

(b) the additional property of the Borrower, whether now existing or hereafter arising or acquired, and wherever now or hereafter located, together with all additions and accessions thereto, substitutions for, and replacements, products and proceeds therefrom, and all of the Borrower’s books and records and recorded data relating thereto (regardless of the medium of recording or storage), together with all of the Borrower’s right, title and interest in and to all computer software (to the extent the Borrower’s right, title and interest in such software is, by its terms, so assignable) required to utilize, create, maintain and process any such records or data on electronic media, identified and set forth as follows:

(i) All Accounts (whether or not Eligible Accounts) and all Goods whose sale, lease or other disposition by the Borrower has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, the Borrower, or rejected or refused by an Account Debtor;

(ii) All Inventory including, without limitation, raw materials, work-in-process and finished goods;

(iii) All Goods (other than Inventory), including, without limitation, embedded software, Equipment, vehicles, furniture and Fixtures;

(iv) All Software and computer programs;

(v) All Securities, Investment Property, Financial Assets and Deposit Accounts;

(vi) All Chattel Paper, Electronic Chattel Paper, Instruments, Documents, Letter of Credit Rights, all proceeds of letters of credit, health care insurance receivables, Supporting Obligations, notes secured by real estate, Commercial Tort Claims and General Intangibles, including Payment Intangibles; and

(vii) All insurance policies and proceeds insuring the foregoing property or any part thereof, including unearned premiums.

6.2 Lockbox Agreement. The Borrower shall direct all of its Account Debtors to make all payments on the Accounts directly to a post office box (the “Lockbox”) designated by, and under the exclusive control of the Bank. Pursuant to that certain Lockbox Mail Collection Service Agreement dated as of May 14, 2002 between the Borrower and the Bank (the “Lockbox Agreement”), the Borrower established the Lockbox and an account (the “Lockbox Account”) in the Borrower’s name with the Bank into which all payments received in the Lockbox shall be deposited, and into which the Borrower will immediately deposit all payments made for services and received by the Borrower in the identical form in which such payments were made, whether by cash or check. If the Borrower, a Subsidiary or any director, officer, employee, agent or the Borrower or any Subsidiary or any other Person acting for or in concert with the Borrower shall receive any monies, checks, notes, drafts or other payments relating to or as proceeds of Accounts or other Collateral, the Borrower and each such Person shall receive all such items in trust for, and as the sole and exclusive property of the Bank and, immediately upon receipt thereof shall remit the same (or cause the same to be remitted) in kind to the Lockbox Account. The Borrower agrees that all payments made to such Lockbox Account or otherwise received by the Bank, whether in respect of the Accounts or as proceeds of other Collateral or otherwise, will be applied on account of the Revolving Loans in accordance with the terms of this Agreement. The Borrower agrees to pay all reasonable fees, costs and expenses which the Bank incurs in connection with opening and maintaining the Lockbox Account and depositing for collection by the Bank any check or other item of payment received by the Bank on account of the Obligations. All of such reasonable fees, costs and expenses shall constitute Obligations hereunder, shall be payable to the Bank by the Borrower upon demand, and, until paid, shall bear interest at the Prime Rate. All checks, drafts, instruments and other items of payment or proceeds of Collateral shall be endorsed by the Borrower to the Bank, and, if that endorsement of any such item shall not be made for any reason, the Bank is hereby irrevocably authorized to endorse the same on the Borrower's behalf. For the purpose of this paragraph, the Borrower irrevocably hereby makes, constitutes and appoints the Bank (and all Persons designated by the Bank for that purpose) as the Borrower's true and lawful attorney and agent-in-fact (i) to endorse the Borrower's name upon said items of payment and/or proceeds of Collateral and upon any Chattel Paper, document, instrument, invoice or similar document or agreement relating to any Account of the Borrower or goods pertaining thereto; (ii) to take control in any manner of any item of payment or proceeds thereof, and (iii) to have access to any lock box or postal box into which any of the Borrower's mail is deposited, and open and process all mail addressed to the Borrower and deposited therein.

6.3 Possession and Transfer of Collateral. Unless an Event of Default has occurred and is continuing hereunder, the Borrower shall be entitled to possession or use of the Collateral. Except as otherwise expressly permitted hereunder, the Borrower shall not sell, assign (by operation of law or otherwise), license, lease or otherwise dispose of, or grant any option with respect to any of the Collateral, except that the Borrower may sell Inventory in the ordinary course of business.

6.4 Financing Statements. The Borrower shall, at the Bank's request, at any time and from time to time, execute and deliver to the Bank such financing statements, amendments and other documents and do such acts as the Bank deems necessary in order to establish and maintain valid, attached and perfected first security interests in the Collateral in favor of the Bank, free and clear of all Liens and claims and rights of third parties whatsoever (except as otherwise specifically set forth in Section 8 hereof). The Borrower hereby irrevocably authorizes the Bank at any time, and from time to time, to file in any jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed, or (ii) as being of an equal or lesser scope or within greater detail, and (b) contain any other information required by Section 5 of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed regarding the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Borrower agrees to furnish any such information to the Bank promptly upon the Bank's reasonable request. The Borrower further ratifies and affirms its authorization for any financing statements and/or amendments thereto, executed and filed by the Bank in any jurisdiction prior to the date of this Agreement.

6.5 Additional Collateral. The Borrower shall deliver to the Bank immediately upon its demand, such other collateral as the Bank may from time to time request, should the value of the Collateral, in the Bank's sole and absolute discretion, decline, deteriorate, depreciate or become impaired, and does hereby grant to the Bank a continuing security interest in such other collateral, which, when pledged, assigned and transferred to the Bank shall be and become part of the Collateral. The Bank's security interests in each of the foregoing Collateral shall be valid, complete and perfected whether or not covered by a specific assignment.

6.6 Preservation of the Collateral. The Bank may, but is not required to, take such action from time to time as the Bank deems appropriate to maintain or protect the Collateral. The Bank shall have exercised reasonable care in the custody and preservation of the Collateral if it takes such action as the Borrower shall reasonably request in writing; provided, however, that such request shall not be inconsistent with the Bank's status as a secured party, and the failure of the Bank to comply with any such request shall not be deemed a failure to exercise reasonable care. In addition, any failure of the Bank to preserve or protect any rights with respect to the Collateral against prior or third parties, or to do any act with respect to preservation of the Collateral, not so requested by the Borrower, shall not be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. The Borrower shall have the sole responsibility for taking such action as may be necessary, from time to time, to preserve all rights of the Borrower and the Bank in the Collateral against prior or third parties. Without limiting the generality of the foregoing, where Collateral consists in whole or in part of securities, the Borrower represents to, and covenants with, the Bank that the Borrower has made arrangements for keeping informed of changes or potential changes affecting the securities (including, but not limited to, rights to convert or subscribe, payment of dividends, reorganization or other exchanges, tender offers and voting rights), and the Borrower agrees that the Bank shall have no responsibility or liability for informing the Borrower of any such or other changes or potential changes or for taking any action or omitting to take any action with respect thereto.

6.7 Other Actions as to any and all Collateral. The Borrower further agrees to take any other action reasonably requested by the Bank to insure the attachment, perfection and first priority of, and the ability of the Bank to enforce, the Bank's security interest in any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Borrower's signature thereon is required therefor, (b) causing the Bank's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the bank to enforce, the Bank's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Bank to enforce, the Bank's security interest in such Collateral, (d) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other Person obligated on Collateral, .(e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Bank, and (f) taking all actions required by the UCC in effect from time to time or by other law, as applicable in any relevant UCC jurisdiction, or by other law as applicable in any foreign jurisdiction.

6.8 Collateral in the Possession of a Warehouseman or Bailee. If any of the Collateral at any time is in the possession of a warehouseman or bailee, the Borrower shall promptly notify the Bank thereof, and if requested by the Bank, shall promptly obtain an acknowledgment from the warehouseman or bailee, in form and substance satisfactory to the Bank, that the warehouseman or bailee holds such Collateral for the benefit of the Bank and shall act upon the instructions of the Bank, without the further consent of the Borrower. The Bank agrees with the Borrower that the Bank shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Borrower with respect to the warehouseman or bailee.

6.9 Letter-of-Credit Rights. If the Borrower at any time is a beneficiary under a letter of credit now or hereafter issued in favor of the Borrower, the Borrower shall promptly notify the Bank thereof and, at the request and option of the Bank, the Borrower shall, pursuant to an agreement in form and substance satisfactory to the Bank, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Bank of the proceeds of any drawing under the letter of credit, or (ii) arrange for the Bank to become the transferee beneficiary of the letter of credit, with the Bank agreeing, in each case, that the proceeds of any drawing under the letter to credit are to be applied as provided in this Agreement.

6.10 Commercial Tort Claims. If the Borrower shall at any time hold or acquire a commercial tort claim, the Borrower shall immediately notify the Bank in writing signed by the Borrower of the details thereof and grant to the Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Bank.

6.11 Electronic Chattel Paper and Transferable Records. If the Borrower at any time holds or acquires an interest in any electronic chattel paper or any “transferable record”, as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Borrower shall promptly notify the Bank thereof and, at the request of the Bank, shall take such action as the Bank may reasonably request to vest in the Bank control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Bank agrees with the Borrower that the Bank will arrange, pursuant to procedures satisfactory to the Bank and so long as such procedures will not result in the Bank’s loss of control, for the Borrower to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Borrower with respect to such electronic chattel paper or transferable record.

7. REPRESENTATIONS AND WARRANTIES.

To induce the Bank to make the Revolving Loans, the Borrower makes the following representations and warranties to the Bank, each of which shall be true and correct as of the date of the execution and delivery of this Agreement, and which shall survive the execution and delivery of this Agreement:

7.1 Borrower Organization and Name. The Borrower is a limited liability company duly organized, existing and in good standing under the laws of the State of Delaware and duly qualified and in good standing under the laws of the State of Illinois, with full and adequate power to carry on and conduct its business as presently conducted. The Borrower's state issued organizational identification number is 3521607. The Borrower is duly licensed or qualified in all other foreign jurisdictions wherein the nature of its activities require such qualification or licensing, except where the failure to be so qualified would not be reasonably likely to have a Material Adverse Change on the Borrower. The exact legal name of the Borrower is as set forth in the first paragraph of this Agreement, and the Borrower currently does not conduct, nor has it during the last five (5) years conducted, business under any other name or trade name.

7.2 Authorization; Validity. The Borrower has full right, power and authority to enter into this Agreement, to make the borrowings and execute and deliver the Loan Documents as provided herein and to perform all of its duties and obligations under this Agreement and the Loan Documents. The execution and delivery of this Agreement and the Loan Documents will not, nor will the observance or performance of any of the matters and things herein or therein set forth, violate or contravene any provision of law or of the Articles of Organization of the Borrower, except where such violation or contravention would not be reasonably likely to have a Material Adverse Change. All necessary and appropriate action has been taken on the part of the Borrower to authorize the execution and delivery of this Agreement and the Loan Documents. This Agreement and the Loan Documents are valid and binding agreements and contracts of the Borrower in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

7.3 Compliance With Laws. The nature and transaction of the Borrower's business and operations and the use of its properties and assets, including, but not limited to, the Collateral or any real estate owned or occupied by the Borrower, do not and during the term of the Loans shall not, violate or conflict with any applicable law, statute, ordinance, rule, regulation or order of any kind or nature, including, without limitation, the provisions of the Fair Labor Standards Act or any zoning, land use, building, noise abatement, occupational health and safety or other laws, any building permit or any condition, grant, easement, covenant, condition or restriction, whether recorded or not, except to the extent that such violation or conflict would not be reasonably likely to result in a Material Adverse Change.

7.4 Environmental Laws and Hazardous Substances. (i) The Borrower has not generated, used, stored, treated, transported, manufactured, handled, produced or disposed of any Hazardous Materials, on or off any of the premises of the Borrower (whether or not owned by it), in any manner which at any time violates any Environmental Law or any license, permit, certificate, approval or similar authorization thereunder, except where such violation would not reasonably be expected to have a Material Adverse Change, (ii) the operations of the Borrower comply in all material respects with all Environmental Laws and all licenses, permits certificates, approvals and similar authorizations thereunder, (iii) there has been no investigation, proceeding, complaint, order, directive, claim, citation or notice by any governmental authority or any other Person that would reasonably be expected to have a Material Adverse Change, nor is any pending or, to the best of the Borrower's knowledge, threatened, and (iv) the Borrower has no material liability, contingent or otherwise, in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials.

7.5 Absence of Breach. The execution, delivery and performance of this Agreement, the Loan Documents and any other documents or instruments to be executed and delivered by the Borrower in connection with the Loans shall not: (i) violate any provisions of law or any applicable regulation, order, writ, injunction or decree of any court or governmental authority except where such violation would not be reasonably likely to have a Material Adverse Change, or (ii) conflict with, be inconsistent with, or result in any breach or default of any of the terms, covenants, conditions, or provisions of any indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind to which the Borrower is a party or by which the Borrower or any of its property or assets may be bound.

7.6 Collateral Representations. The Borrower is the sole owner of the Collateral, free from any Lien of any kind, other than the Permitted Liens.

7.7 Financial Statements. All financial statements submitted to the Bank pursuant to Section 9.7 have been prepared in accordance with GAAP on a basis, except as otherwise noted therein, consistent with the previous fiscal year and fairly and accurately reflect the financial condition of the Borrower and the results of the operations for the Borrower as of such date and for the periods indicated. Since the date of the most recent financial statement submitted by the Borrower to the Bank, there has been no Material Adverse Change.

7.8 Litigation and Taxes. There is no litigation, demand, charge, claim,. petition or governmental investigation or proceeding pending, or threatened, against the Borrower, which, if adversely determined, would be reasonably likely to result in any

Material Adverse Change. The Borrower has duly filed all applicable income or other tax returns and has paid all income or other taxes when due except where the failure to file such returns or pay such taxes would not be reasonably likely to have a Material Adverse Change. There is no controversy or objection pending, or, to the Borrower's knowledge, threatened in respect of any tax returns of the Borrower.

7.9 Event of Default. No Event of Default has occurred and is continuing, and no event has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an Event of Default under this Agreement or any of the other Loan Documents.

7.10 ERISA Obligations. All Employee Plans of the Borrower meet the minimum funding standards of Section 302 of ERISA where applicable and each such Employee Plan that is intended to be qualified within the meaning of Section 401 of the Internal Revenue Code of 1986 is qualified. No withdrawal liability has been incurred under any such Employee Plans and no "Reportable Event" or "Prohibited Transaction" (as such terms are defined in ERISA) has occurred with respect to any such Employee Plans, unless approved by the appropriate governmental agencies. The Borrower has promptly paid and discharged all obligations and liabilities arising under the Employee Retirement Income Security Act of 1974 ("ERISA") of a character which if unpaid or unperformed would be reasonably likely to result in the imposition of a Lien against any of its properties or assets.

7.11 Lending Relationship. The relationship hereby created with the Bank is and has been conducted on an open and arm's length basis in which no fiduciary relationship exists. The Borrower has not relied and is not relying on any such fiduciary relationship in executing this Agreement and in consummating the Loans.

7.12 Business Loan. The Loans, including interest rate, fees and charges as contemplated hereby, (i) are business loans within the purview of 815 ILCS 205/4(1)(c), as amended from time to time, (ii) are an exempted transaction under the Truth In Lending Act, 12 U.S.C. 1601 et seq., as amended from time to time, and (iii) do not, and when disbursed shall not, violate the provisions of the Illinois usury laws, any consumer credit laws or the usury laws of any state which may have jurisdiction over this transaction, the Borrower or any property securing the Loans.

7.13 Compliance with Regulation U. No portion of the proceeds of the Loans shall be used by the Borrower, or any affiliates of the Borrower, either directly or indirectly, for the purpose of purchasing or carrying any margin stock, within the meaning of Regulation U as adopted by the Board of Governors of the Federal Reserve System.

7.14 Governmental Regulation. The Borrower is not, or after giving effect to any loan, will not be, subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940 or to any federal or state statute or regulation limiting its ability to incur indebtedness for borrowed money.

7.15 Bank Accounts. The account numbers and locations of all Deposit accounts and other bank accounts of the Borrower and its Subsidiaries are as follows: Account No. 5800413329, Huron Consulting Group LLC Flexible Spending Account; Account No. 5800297276, Huron Consulting Group LLC Operating Account; Account No. 5800413337, Huron Consulting Group LLC Payroll Account;

7.16 Place of Business. The principal place of business of the Borrower is 550 W. Van Buren Street, Chicago, Illinois 60607.

7.17 Complete Information. This Agreement, the financial statements submitted pursuant to Section 9.7, the Schedules attached hereto and the certificates submitted in connection herewith fully and fairly state the matters with which they purport to deal, and neither misstate any material fact nor, separately or in the aggregate, fail to state any material fact necessary to make the statements contained herein or therein not misleading.

8. NEGATIVE COVENANTS.

8.1 Indebtedness. The Borrower shall not, either directly or indirectly, create, assume, incur or have outstanding any Indebtedness (including purchase money indebtedness), or become liable, whether as endorser, guarantor, surety or otherwise, for any debt or obligation of any other Person, except:

(a) the Obligations;

(b) endorsement for collection or deposit of any commercial paper secured in the ordinary course of business;

(c) obligations of the Borrower for taxes, assessments, municipal or other governmental charges;

(d) obligations of the Borrower for accounts payable, other than for money borrowed, incurred in the ordinary course of business;

(e) obligations existing on the date hereof which are disclosed on the financial statements referred to in Section 9.7 (including any extensions, renewals, refundings and refinancings thereof which are on terms no less favorable to the Borrower than the existing terms);

(f) obligations arising under Capital Leases for property acquired (or deemed to be acquired) by the Borrower or claims arising from the use or loss of, or damage to, such property (including any extensions, renewals, refundings and refinancings thereof which are on terms no less favorable to the Borrower than the existing terms); and

(g) Indebtedness for Capital Expenditures in accordance with Section 10.2 hereof (including purchase money indebtedness incurred in connection therewith).

8.2 Encumbrances. The Borrower shall not, either directly or indirectly, create, assume, incur or suffer or permit to exist any Lien or charge of any kind or character upon any asset of the Borrower, whether owned at the date hereof or hereafter acquired except:

(a) Liens for taxes, assessments or other governmental charges not yet due or which are being contested in good faith by appropriate proceedings in such a manner as not to make the property forfeitable;

(b) Liens or charges incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of an advance or credit, and which do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business;

(c) Liens arising out of judgments or awards against the Borrower with respect to which it shall concurrently therewith be prosecuting a timely appeal or proceeding for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(d) pledges or deposits to secure obligations under worker's compensation laws or similar legislation;

(e) good faith deposits in connection with lending contracts or leases to which the Borrower is a party;

(f) deposits to secure public or statutory obligations of the Borrower;

(g) Liens existing on the date hereof and disclosed on the financial statements referred to in Section 9.7;

(h) Liens securing obligations permitted under Section 8.1(f) and/or Section 8.1(g); and

(i) Liens granted to the Bank hereunder.

8.3 Investments. The Borrower shall not, either directly or indirectly, make or have outstanding any new investments (whether through purchase of stocks, obligations or otherwise) in, or loans or advances to, any other Person, or acquire all or any substantial part of the assets, business, stock or other evidence of beneficial ownership of any other Person except:

(a) investments in direct obligations of the United States or any instrumentality thereof;

(b) investments in certificates of deposit or time deposits issued by the Bank or any bank with assets greater than One Hundred Million Dollars ($100,000,000.00); or

(c) fully secured repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (a) above entered into the Bank or with any bank meeting the qualifications specified in clause (b) above.

(d) investments in Prime Commercial Paper (for purposes hereof, Prime Commercial Paper shall mean short-term unsecured promissory notes sold by large corporations and rated A-1/P-I by Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc., and Moody’s Investment Service, Inc.).

(e) reasonable loans and advances by the Borrower to its current and prospective employees in the ordinary course of its business, including, without limitation, payments to current and prospective employees in connection with travel, business entertainment and releases from existing non-compete agreements, provided that such loans and advances shall not exceed an aggregate of Five Hundred Thousand Dollars ($500,000.00) in any calendar year.

8.4 Transfer; Merger. The Borrower shall not, either directly or indirectly, merge, consolidate, sell, transfer, license, lease, encumber or otherwise dispose of all or any part of its property or business or all or any substantial part of its assets, or sell or discount (with or without recourse) any of its Promissory Notes, Chattel Paper, Payment Intangibles or Accounts other than in the ordinary course of its business.

8.5 Issuance of Membership Interests. The Borrower shall not, either directly or indirectly, issue or distribute any additional membership interests or other securities of the Borrower in any manner which would result in the occurrence of an Event of Default under Section 11.8 of this Agreement entitled “Change in Control.”

8.6 Distributions. The Borrower shall not, either directly or indirectly, purchase or redeem any of its membership interests, or declare or pay any dividends, whether in cash or otherwise, or set aside any funds for any such purpose or make any distribution to its members, provided, however, that subject to the limitation set forth in Section 8.10 below and so long as no Event of Default has occurred and is continuing, the Borrower may make the following distributions (so long as any such distributions do not trigger an Event of Default):

(a) The Borrower make quarterly distributions to each of its members in an amount not greater than the quarterly estimated income tax payments required to be made by each such member based upon the income of such member accruing due to the operations of the Borrower and the resulting federal tax liability of such member; and

(b) In addition to those distributions set forth in Section 8.6(a) hereof, the Borrower may make the following annual distributions during any fiscal year:

(1) an amount not to exceed $817,256.41 (accrued monthly in 2003, payable on January 2, 2004); and

(2) 50% of the Borrower's net income for such year after taking into account the payments made pursuant to Sections 8.6(a) and 8.6(b)(1) of this Agreement.

8.7 Use of Proceeds. Neither the Borrower nor any of its Subsidiaries or affiliates shall use any portion of the proceeds of the Loans, either directly or indirectly, for the purpose of purchasing any securities underwritten by ABN AMRO Incorporated, an affiliate of the Bank.

8.8 Bank Accounts. The Borrower shall not establish any new deposit accounts or other bank accounts, other than bank accounts established at or with the Bank, or amend or terminate the Lockbox or Lockbox Agreement without the prior written consent of the Bank.

8.9 Change of Legal Status or Location. The Borrower shall not change its name, its organizational identification number, if it has one, its type of organization, its jurisdiction of organization or other legal structure or the location of its principal place of business without giving at least thirty days' prior written notice to the Bank.

8.10 Compensation. The aggregate amount of compensation to the equity members of the Borrower (including but not limited to salaries, bonuses and distributions) during any fiscal quarter of Borrower shall not exceed the amount of the Borrower's income during such quarter, monitored at the end of each fiscal quarter of Borrower, beginning March 31, 2003.

8.11 Collateral. The Borrower will not remove or permit the Collateral to be removed from its current location without the prior written consent of the Bank, except for inventory sold in the usual and ordinary course of the Borrower's business.

9. AFFIRMATIVE COVENANTS.

9.1 Compliance with Bank Regulatory Requirements. Upon demand by the Bank, the Borrower shall reimburse the Bank for the Bank's additional costs and/or reductions in the amount of principal or interest received or receivable by the Bank if at any time after the date of this Agreement any law, treaty or regulation or any change in any law, treaty or regulation or the interpretation thereof by any governmental authority charged with the administration thereof or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or the Loans, whether or not having the force of law, shall impose, modify or deem applicable any reserve (except reserve requirements taken into account in calculating the Revolving Interest Rate) and/or special deposit requirement against or in respect of assets held by or deposits in or for the account of the Loans by the Bank or impose on the Bank any other condition with respect to this Agreement or the Loans, the result of which is to either increase the cost to the Bank of making or maintaining the Loans or to reduce the amount of principal or interest received or receivable by the Bank with respect to such Loans. Said additional costs and/or reductions will be those which directly result from the imposition of such requirement or condition on the making or maintaining of such Loans. All Loans shall be deemed to be match funded for the purposes of the Bank's determination in the previous sentence. Notwithstanding the foregoing, the Borrower shall not be required to pay any such additional costs which could be avoided by the Bank with the exercise of reasonable conduct and diligence.

9.2 Borrower Existence. The Borrower shall at all times preserve and maintain its existence, rights, franchises and privileges, and shall at all times continue as a going concern in the business which the Borrower is presently conducting.

9.3 Maintain Property. The Borrower shall at all times maintain, preserve and keep its plant, properties and Equipment, including, but not limited to, any Collateral, in good repair, working order and condition, normal wear and tear excepted, and shall from time to time make all needful and proper repairs, renewals, replacements, and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained. The Borrower shall permit the Bank to examine and inspect such plant, properties and Equipment, including, but not limited to, any Collateral, at all reasonable times and upon reasonable notice, and without disruption to the Borrower's business operation.

9.4 Maintain Insurance. The Borrower shall at all times insure and keep insured in insurance companies reasonably acceptable to the Bank, all insurable property owned by it which is of a character typically insured by companies similarly situated and operating like properties, against loss or damage from fire and such other hazards or risks as are customarily insured against by companies similarly situated and operating like properties; and shall similarly insure employers' public and professional liability risks. Prior to the date of the funding of the Note, the Borrower shall deliver to the Bank a certificate setting forth in summary form the nature and extent of the insurance maintained by the Borrower pursuant to this Section 9.4. All such policies of insurance must be satisfactory to the Bank in relation to the amount and term of the Obligations and type and value of the Collateral and assets of the Borrower, shall identify the Bank as lender's loss payee and as an additional insured. In the event the Borrower either fails to provide the Bank with evidence of the insurance coverage required by this Section or at any time hereafter shall fail to obtain or maintain any of the policies of insurance required above, or to pay any premium in whole or in part relating thereto, then the Bank, without waiving or releasing any obligation or default by the Borrower hereunder, may at any time (but shall be under no obligation to so act), obtain and maintain such policies of insurance and pay such premium and take any other action with respect thereto, which the Bank deems advisable. This insurance coverage (i) may, but need not, protect the Borrower's interest in the such property, including, but not limited to the Collateral, and (ii) may not pay any claim made by, or against, the Borrower in connection with such property, including, but not limited to the Collateral. The Borrower may later cancel any such insurance purchased by the Bank, but only after providing the Bank with evidence that the Borrower has obtained the insurance coverage required by this Section. The costs of such insurance obtained by the Bank, through and including the effective date such insurance coverage is canceled or expires, shall be payable on demand by the Borrower to the Bank, together with interest at the Default Rate, on such amounts until repaid and any other charges by the Bank in connection with the placement of such insurance. The costs of such insurance, which may be greater than the cost of insurance which the

Borrower may be able to obtain on its own, together with interest thereon at the Default Rate and any other charges by the Bank in connection with the placement of such insurance, may be added to the total Obligations due and owing.

9.5 Tax Liabilities. The Borrower shall at all times pay and discharge all property and other taxes, assessments and governmental charges upon, and all claims (including claims for labor, materials and supplies) against the Borrower or any of its properties, Equipment or Inventory, before the same shall become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and are insured against or bonded over to the satisfaction of the Bank.

9.6 ERISA Liabilities; Employee Plans. The Borrower shall (i) keep in full force and effect any and all Employee Plans which are presently in existence or may, from time to time, come into existence under ERISA, and not withdraw from any such Employee Plans, unless such withdrawal can be effected or such Employee Plans can be terminated without liability to the Borrower; (ii) make contributions to all of such Employee Plans in a timely manner and in a sufficient amount to comply with the standards of ERISA; including the minimum funding standards of ERISA; (iii) comply with all material requirements of ERISA which relate to such Employee Plans; (iv) notify the Bank immediately upon receipt by the Borrower of any notice concerning the imposition of any withdrawal liability or of the institution of any proceeding or other action which may result in the termination of any such Employee Plans or the appointment of a trustee to administer such Employee Plans; (v) promptly advise the Bank of the occurrence of any “Reportable Event” or “Prohibited Transaction” (as such terms are defined in ERISA), with respect to any such Employee Plans; and (vi) amend any Employee Plan that is intended to be qualified within the meaning of Section 401 of the Internal Revenue Code of 1986 to the extent necessary to keep the Employee Plan qualified, and to cause the Employee Plan to be administered and operated in a manner that does not cause the Employee Plan to lose its qualified status.

9.7 Financial Statements. The Borrower shall at all times maintain a proper system of accounting, on the accrual basis of accounting and in all respects in accordance with GAAP, and shall furnish to the Bank or its authorized representatives such information reasonably requested by the Bank regarding the business affairs, operations and financial condition of the Borrower, including, but not limited to:

(a) as soon as available, and in any event, within ninety (90) days after the close of each of its fiscal years, a copy of the annual audited financial statements of the Borrower, including balance sheet, statement of income and retained earnings, statement of cash flows for the fiscal year then ended, statement of changes in and the reconciliation of significant equity accounts of the Borrower, and such other financial information as the Bank reasonably may request, in reasonable detail, prepared and certified by an independent certified public accountant acceptable to the Bank, containing an unqualified opinion (except that for the fiscal year ended December 31, 2002, the Borrower shall have until April 30, 2003 to deliver the foregoing audited financial statements, provided that internally prepared financial statements for such year are delivered by Borrower to Bank by March 31, 2003); and

(b) as soon as available, and in any event, within forty-five (45) days following the end of each fiscal quarter, a copy of the financial statements of the Borrower regarding such fiscal quarter, including balance sheet, statement of income and retained earnings, statement of cash flows for the fiscal quarter then ended and such other information (including nonfinancial information) as the Bank reasonably may request, in reasonable detail, prepared and certified as accurate by the Borrower; and

(c) The Bank reserves the right to request Borrower to provide, as soon as available, and in any event, within fifteen (15) days following the end of each fiscal month, a copy of the financial statements of the Borrower regarding such fiscal month, including statement of income and budget comparison, and statement of cash flows for the fiscal month then ended and such other information (including nonfinancial information) as the Bank reasonably may request, in reasonable detail, prepared and certified as accurate by the Borrower.

No change with respect to such accounting principles shall be made by the Borrower without giving prior notification to the Bank. The Borrower represents and warrants to the Bank that the financial statements delivered to the Bank at or prior to the execution and delivery of this Agreement and to be delivered at all times thereafter accurately reflect and will accurately reflect in all material respects the financial condition of the Borrower. The Bank shall have the right at all times during business hours upon reasonable notice to the Borrower and without disruption to the Borrower's business operation to inspect the books and records of the Borrower and make extracts therefrom. The Borrower agrees to advise the Bank immediately of any Material Adverse Change.

9.8 Supplemental Financial Statements. The Borrower shall immediately upon receipt thereof, provide to the Bank copies of interim and supplemental reports if any, submitted to the Borrower by independent accountants in connection with any interim audit or review of the books of the Borrower.

9.9 Borrowing Base Certificate. The Borrower shall, within fifteen (15) days after the end of each month, deliver to the Bank: (i) a Borrowing Base Certificate, certified as accurate by the Borrower's Chief Financial Officer or other senior executive and acceptable to the Bank in its sole and absolute discretion; and (ii) a summary of revenue, expense and income, certified as accurate by the Borrower's Chief Financial Officer or other senior executive acceptable to the Bank in its sole and absolute discretion.

9.10 Budget. The Borrower shall provide Bank, within thirty (30) days after the end of each fiscal year, a copy of the Borrower's operating budget for the succeeding fiscal year.

9.11 Aged Accounts Schedule. The Borrower shall, within fifteen (15) days after the end of each month, deliver to the Bank an aged schedule of the Accounts of the Borrower, listing the name and amount due from each Account Debtor and showing the aggregate amounts due from (a) 0-30 days, (b) 31-60 days, (c) 61-90 days and (d) more than 90 days, and certified as accurate by the Borrower's Chief Financial Officer or other senior executive.

9.12 Field Audits. The Borrower shall allow the Bank, upon reasonable notice and without disruption to the Borrower's operation, at the Borrower's sole expense (not to exceed $2,500.00 each audit), to conduct one annual field examination of the Accounts of the Borrower, the results of which must be satisfactory in all material respects to the Bank in the Bank's reasonable discretion. The initial audit shall be performed within ninety (90) days after the date of this Agreement. The Bank will have the right to perform additional field audits at the Bank's discretion and expense, but no more frequently than once each calendar quarter.

9.13 Other Reports. The Borrower shall, within such period of time as the Bank may specify, deliver to the Bank such other schedules and reports as the Bank may reasonably require.

9.14 Collateral Records. Borrower shall keep full and accurate books and records relating to the Collateral and shall mark such books and records to indicate the Bank's Lien on the Collateral.

9.15 Notice of Proceedings. The Borrower shall, immediately after knowledge thereof shall have come to the attention of any officer of the Borrower, give written notice to the Bank of all pending actions, suits, and proceedings before any court or governmental department, commission, board or other administrative agency that, if adversely determined, would be reasonably likely to have a Material Adverse Change.

9.16 Notice of Default. The Borrower shall, immediately after the commencement thereof, give notice to the Bank in writing of the occurrence of an Event of Default or of any event which, with the lapse of time, the giving of notice or both, would constitute an Event of Default hereunder.

9.17 Banking Relationship. The Borrower covenants and agrees, at all times during the term of this Agreement, to utilize the Bank as its primary bank of account and depository for all financial services, including all receipts, disbursements, cash management and related service.

9.18 Environmental Matters. The Borrower shall immediately notify the Bank upon becoming aware of any such investigation, proceeding, complaint, order, directive, claim, citation or notice, and shall take prompt and appropriate actions to respond thereto, with respect to any non-compliance with, or violation of, the requirements of any Environmental Law by the Borrower or the release, spill discharge, threatened or actual, of any Hazardous Material or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Material or any other environmental, health or safety matter, which affects the Borrower or its business, operations or assets or any properties at which the Borrower has transported, stored or disposed of any Hazardous Materials. Without limited the generality of the foregoing, the Borrower shall, following determination by the Bank that there is non-compliance, or any condition which requires any action by or on behalf of the Borrower in order to avoid any non-compliance, with any Environmental Law, at the Borrower's sole expense, cause an independent environmental engineer acceptable to the Bank to conduct such tests of the relevant site as are appropriate, and prepare an deliver a report setting forth the result of such tests, a proposed plan for remediation and an estimate of the costs thereof.

10. FINANCIAL COVENANTS.

10.1 Capital. The Borrower shall at all times maintain Permanent Equity Capital of its members in the amount of Eighteen Million Five Hundred Thousand and no/100 Dollars ($18,500,000.00).

10.2 Capital Expenditures. The Borrower shall not incur expenditures (including Capital Lease obligations) for the acquisition of fixed assets, including, but not limited to machinery, Equipment, land and buildings, in an amount greater than Two Million Five Hundred Thousand and 00/100 Dollars ($2,500,000.00) in the aggregate in any one fiscal year.

11. EVENTS OF DEFAULT.

The Borrower, without notice or demand of any kind, shall be in default under this Agreement upon the occurrence of any of the following events (each an "Event of Default").

11.1 Nonpayment of Obligations. The Borrower shall fail to make (a) any payment of principal when due or (b) any payment of interest or fees or other payment when due hereunder which failure shall continue for a period in excess of three Business Days.

11.2 Misrepresentation. Any representation, warranty, certificate or statement in this Agreement, the Loan Documents or any other agreement with the Bank shall be false when made.

11.3 Nonperformance. Any failure to perform or default in the performance of any covenant, condition or agreement contained in this Agreement or in any other Loan Documents (other than monetary defaults referred to in Section 11.1 and as otherwise set forth in this Section 11) and such failure to perform or default in performance continues for a period in excess of thirty (30) Business Days, except that a shorter cure period of ten (10) Business Days will be permitted for the delivery of any financial statements, certificates, schedules, reports, borrowing base certificates or other financial related documents required to be delivered by Borrower to Bank.

11.4 Default under Other Agreements. Any default in the payment of principal, interest or any other sum for any other obligation beyond any period of grace provided with respect thereto or in the performance of any other term condition or covenant contained in any agreement (including, but not limited to any capital or operating lease or any agreement in connection with the deferred purchase price of property or any other agreement with Bank) under which any such obligation is created, the effect of which default is to cause or permit the holder of such obligation (or the other party to such other agreement) to cause such obligation to become due prior to its stated maturity or terminate such other agreement.

11.5 Assignment for Creditors. The Borrower makes an assignment for the benefit of creditors, fails to pay, or admits in writing its inability to pay its debts as they mature; or if a trustee of any substantial part of the assets of the Borrower is applied for or appointed.

11.6 Bankruptcy. Any proceeding involving the Borrower, is commenced by or against the Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of the federal government or any state government and if such proceeding was commenced against the Borrower, such proceeding is not stayed or lifted within sixty (60) days thereafter.

11.7 Judgments. The entry of any judgment, decree, levy, attachment, garnishment or other process, or the filing of any Lien against the Borrower which is not fully (subject to any deductibles) covered by insurance, that is reasonably likely to have a Material Adverse Change.

11.8 Change in Control. Any sale, conveyance, assignment or other transfer, directly or indirectly, of any ownership interest of the Borrower, which results in any change in the identity of twenty-five percent (25%) or more of the members of the Borrower or any change in the ownership of twenty-five percent (25%) or more of the membership interests of the Borrower or the grant of a security interest in any ownership interest of any Person, directly or indirectly controlling the Borrower, which could result in either of such changes.

11.9 Collateral Impairment. The entry of any judgment, decree, levy, attachment, garnishment or other process, or the filing of any Lien (other than a Permitted Lien) against any of the Collateral and such judgment or other process shall not have been, within thirty (30) days from the entry thereof, (a) bonded over to the satisfaction of the Bank and appealed, (b) vacated, or (c) discharged, or the loss, theft, destruction, seizure or forfeiture.

11.10 Material Adverse Event. The occurrence of any Material Adverse Event.

11.11 Material Adverse Change. The occurrence of any Material Adverse Change.

12. REMEDIES.

Upon the occurrence of an Event of Default, the Bank shall have all rights, powers and remedies set forth in the Loan Documents, in any written agreement or instrument (other than this Agreement or the Loan Documents) relating to any of the Obligations or any security therefor, or as otherwise provided at law or in equity. Without limiting the generality of the foregoing, the Bank may, at its option upon the occurrence of an Event of Default, declare its commitments to the Borrower to be terminated and all Obligations to be immediately due and payable, provided, however, that upon the occurrence of an Event of Default under either Section 11.6, “Assignment for Creditors”, or Section 11.7, “Bankruptcy”, all commitments of the Bank to the Borrower shall immediately terminate and all Obligations shall be automatically due and payable, all without demand, notice or further action of any kind required on the part of the Bank. The Borrower hereby waives any and all presentment, demand, notice of dishonor, protest, and all other notices and demands in connection with the enforcement of Bank’s rights under the Loan Documents, and hereby consents to, and waives notice of release, with or without consideration of the Borrower, of any Collateral, notwithstanding anything, contained herein or in the Loan Documents to the contrary. In addition to the foregoing:

12.1 Possession and Assembly of Collateral. The Bank may, without notice, demand or legal process of any kind, take possession of any or all of the Collateral (in addition to Collateral of which the Bank already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may enter into any of the Borrower’s premises where any of the Collateral may be or is supposed to be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of and the Bank shall have the right to store the same, in any of the Borrower’s premises without cost to the Bank. At the Bank’s request, the Borrower will, at the Borrower’s sole expense, assemble the Collateral and make it available to the Bank at a place or places to be designated by the Bank which is reasonably convenient to the Bank and the Borrower.

12.2 Sale of Collateral. The Bank may sell any or all of the Collateral at public or private sale, upon such terms and conditions as the Bank may deem proper, and the Bank may purchase any or all of the Collateral at any such sale. The Bank may apply the net proceeds, after deducting all costs, expenses, attorneys’ and paralegals’ fees incurred or paid at any time in the collection, protection and sale of the Collateral and the Obligations, to the payment of the Note and/or any of the other Obligations, returning the excess proceeds, if any, to the Borrower. The Borrower shall remain liable for any amount remaining unpaid after such application, with interest. Any notification of intended disposition of the Collateral required by law shall be conclusively deemed reasonably and properly given if given by the Bank at least five (5) calendar days before the date of such disposition. The Borrower hereby confirms, approves and ratifies all acts and deeds of the Bank relating to the foregoing, and each part thereof.

12.3 Standards for Exercising Remedies. To the extent that applicable law imposes duties on the Bank to exercise remedies in a commercially reasonable manner, the Borrower acknowledges and agrees that it is not commercially unreasonable for the Bank (a) to fail to incur expenses reasonably deemed significant by the Bank to prepare Collateral for disposition or otherwise to complete raw material or work-in-process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as the Borrower, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable. capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, including, without limitation, any warranties of title, (k) to purchase insurance or credit enhancements to insure the Bank against risks of loss, collection or disposition of Collateral or to provide to the Bank a guaranteed return from the collection or disposition of Collateral, or (i) to the extent deemed appropriate by the Bank, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Bank in the collection or disposition of any of the Collateral. The Borrower acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by the Bank would not be commercially unreasonable in the Bank's exercise of remedies against the Collateral and that other actions or omissions by the Bank shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to the Borrower or to impose any duties on the Bank that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

12.4 UCC and Offset Rights. The Bank may exercise, from time to time, any and all rights and remedies available to it under the UCC or under any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Agreement or in any other agreements between the Borrower and the Bank, and may, without demand or notice of any kind, appropriate and apply toward the payment of such of the Obligations, whether matured or unmatured, including costs of collection and attorneys' and paralegals' fees, and in such order of application as the Bank may, from time to time, elect, any indebtedness of the Bank to the Borrower, however created or arising, including, but not limited to, balances, credits, deposits, accounts or moneys of the Borrower in the possession, control or custody of, or in transit to the Bank. The Borrower, hereby waives the benefit of any law that would otherwise restrict or limit the Bank in the exercise of its right, which is hereby acknowledged, to appropriate at any time hereafter any such indebtedness owing from the Bank to the Borrower.

12.5 Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, the Bank shall have the right and power to:

(a) instruct the Borrower at its own expense, to notify any parties obligated on any of the Collateral, including, but not limited to, any Account Debtors, to make payment directly to the Bank of any amounts due or to become due thereunder, or the Bank may directly notify such obligors of the security interest of the Bank, and/or of the assignment to the Bank of the Collateral and direct such obligors to make payment to the Bank of any amounts due or to become due with respect thereto, and thereafter, collect any such amounts due on the Collateral directly from such Persons obligated thereon;

(b) enforce collection of any of the Collateral, including, but not limited to, any Accounts by suit or otherwise, or make any compromise or settlement with respect to any of the Collateral, or surrender, release or exchange all or any part thereof, or compromise, extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder;

(c) take possession or control of any proceeds and products of any of the Collateral, including the proceeds of insurance thereon;

(d) extend, renew or modify for one or more periods (whether or not longer than the original period) the Note, any other of the Obligations, any obligation of any nature of any other obligor with respect to the Note or any of the Obligations;

(e) grant releases, compromises or indulgences with respect to the Note, any of the Obligations, any extension or renewal of any of the Obligations, any security therefor, or to any other obligor with respect to the Note or any of the Obligations;

(f) transfer the whole or any part of securities which may constitute Collateral into the name of the Bank or the Bank's nominee without disclosing, if the Bank so desires, that such securities so transferred are subject to the security interest of the Bank, and any corporation, association, or any of the managers or trustees of any trust issuing any of said securities, or any transfer agent, shall not be bound to inquire, in the event that the Bank or said nominee makes any further transfer of said securities, or any portion thereof, as to whether the Bank or such nominee has the right to make such further transfer, and shall not be liable for transferring the same;

(g) vote the Collateral;

(h) make an election with respect to the Collateral under Section 1111 of the Bankruptcy Code or take action under Section 364 or any other section of the Bankruptcy Code; provided, however, that any such action of the Bank as set forth herein shall not, in any manner whatsoever, impair or affect the liability of the Borrower hereunder, nor prejudice, waive, nor be construed to impair, affect, prejudice or waive the Bank's rights and remedies at law, in equity or by statute, nor release, discharge, nor be construed to release or discharge, the Borrower, any guarantor or other Person liable to the Bank for the Obligations; and

(i) at any time, and from time to time, accept additions to, releases, reductions, exchanges or substitution of the Collateral, without in any way altering, impairing, diminishing or affecting the provisions of this Agreement, the Loan Documents, or any of the other Obligations, or the Bank's rights hereunder, under the Note or under any of the other Obligations.

The Borrower hereby ratifies and confirms whatever the Bank may do with respect to the Collateral and agrees that the Bank shall not be liable for any error of judgment or mistakes of fact or law with respect to actions taken in connection with the Collateral.

12.6 Attorney-in-Fact. The Borrower hereby irrevocably makes, constitutes and appoints the Bank (and any officer of the Bank or any Person designated by the Bank for that purpose) as the Borrower's true and lawful proxy and attorney-in-fact (and agent-in-fact) in the Borrower's name, place and stead, with full power of substitution, to (i) take such actions as are permitted in this Agreement, (ii) execute such financing statements and other documents and to do such other acts as the Bank may require to perfect and preserve the Bank's security interest in, and to enforce such interests in the Collateral, and (iii) carry out any remedy provided for in this Agreement, including, without limitation, endorsing the Borrower's name to checks, drafts, instruments and other items of payment, and proceeds of the Collateral, executing change of address forms with the postmaster of the United States Post Office serving the address of the Borrower, changing the address of the Borrower to that of the Bank, opening all envelopes addressed to the Borrower and applying any payments contained therein to the Obligations. The Borrower hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable. The Borrower hereby ratifies and confirms all that said attorney-in-fact may do or cause to be done by virtue of any provision of this Agreement.

12.7 No Marshaling. The Bank shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order. To the extent that it lawfully may, the Borrower hereby agrees that it will not invoke any law relating to the marshaling of collateral which would be reasonably likely to cause delay in or impede the enforcement of the Bank's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Borrower hereby irrevocably waives the benefits of all such laws.

12.8 Application of Proceeds. The Bank will within one (1) Business Day after receipt of cash or solvent credits from collection of items of payment, proceeds of Collateral or any other source, apply the whole or any part thereof against the Obligations secured hereby. The Bank shall further have the exclusive right to determine how, when and what application of such payments and such credits shall be made on the Obligations, and such determination shall be conclusive upon the Borrower. Any proceeds of any disposition by the Bank of all or any part of the Collateral may be first applied by the Bank to the payment of expenses incurred by the Bank in connection with the Collateral, including attorneys' fees and legal expenses as provided for in Section 13 hereof.

12.9 No Waiver. No Event of Default shall be waived by the Bank except in writing. No failure or delay on the part of the Bank in exercising any right, power or remedy hereunder shall operate as a waiver of the exercise of the same or any other right at any other time; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. There shall be no obligation on the part of the Bank to exercise any remedy available to the Bank in any order. The remedies provided for herein are cumulative and not exclusive of any remedies provided at law or in equity. The Borrower agrees that in the event that the Borrower fails to perform, observe or discharge any of its Obligations or liabilities under this Agreement or any other agreements with the Bank, no remedy of law will provide adequate relief to the Bank, and further agrees that the Bank shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

13. MISCELLANEOUS.

13.1 Obligations Absolute. None of the following shall affect the Obligations of the Borrower to the Bank under this Agreement or the Bank's rights with respect to the Collateral:

(a) acceptance or retention by the Bank of other property or any interest in property as security for the Obligations;

(b) release by the Bank of the Borrower or of all or any part of the Collateral or of any party liable with respect to the Obligations;

(c) release extension, renewal, modification or substitution by the Bank of the Note, or any note evidencing any of the Obligations, or the compromise of the liability of any guarantor of the Obligations; or

(d) failure of the Bank to resort to any other security or to pursue the Borrower or any other obligor liable for any of the Obligations before resorting to remedies against the Collateral.

13.2 Entire Agreement. This Agreement (i) is valid, binding and enforceable against the Borrower and the Bank in accordance with its provisions and no conditions exist as to its legal effectiveness (except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law)); (ii) constitutes the entire agreement between the parties; and (iii) is the final expression of the intentions of the Borrower and the Bank. No promises, either expressed or implied, exist between the Borrower and the Bank, unless contained herein. This Agreement supersedes all negotiations, representations, warranties, commitments, offers, or contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof.

13.3 Amendments; Waivers. No amendment, modification, termination, discharge or waiver of any provision of this Agreement or of the other Loan Documents, or consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only for the specific purpose for which given.

13.4 WAIVER OF JURY TRIAL. THE BANK AND THE BORROWER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY, THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER OBLIGATIONS, THE COLLATERAL, OR ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH THE BANK AND THE BORROWER ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK GRANTING ANY FINANCIAL ACCOMMODATION TO THE BORROWER.

13.5 LITIGATION. TO INDUCE THE BANK TO MAKE THE LOANS, THE BORROWER IRREVOCABLY AGREES THAT ALL ACTIONS ARISING, DIRECTLY OR INDIRECTLY, AS A RESULT OR CONSEQUENCE OF THIS AGREEMENT, THE NOTE, ANY OTHER AGREEMENT WITH THE BANK OR THE COLLATERAL, SHALL BE INSTITUTED AND LITIGATED ONLY IN COURTS HAVING THEIR SITUS IN THE CITY OF CHICAGO, ILLINOIS. THE BORROWER HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING ITS SITUS IN SAID CITY, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE BORROWER AS SET FORTH HEREIN IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

13.6 Assignability. The Bank may at any time assign the Bank’s rights in this Agreement, the Note, the Obligations, or any part thereof and transfer the Bank’s rights in any or all of the Collateral, and the Bank thereafter shall be relieved from all liability with respect to such Collateral. The Borrower may not sell or assign this Agreement, or any other agreement with the Bank or any portion thereof, either voluntarily or by operation of law, without the prior written consent of the Bank. This Agreement shall be binding upon the Bank and the Borrower and their respective legal representatives and successors. All references herein to the Borrower shall be deemed to include any successors, whether immediate or remote. In the case of a joint venture or partnership, the term “Borrower” shall be deemed to include all joint venturers or partners thereof, who shall be jointly and severally liable hereunder.

13.7 Confidentiality. The Borrower and the Bank hereby agree and acknowledge that any and all information relating to the Borrower which is (a) furnished by the Borrower to the Bank (or to any affiliate of the Bank), and (b) non-public, confidential or proprietary in nature, shall be kept confidential by the Bank or such affiliate in accordance with applicable law, provided, however, that such information and other credit information relating to the Borrower may be distributed by the Bank or such affiliate to the Bank’s or such affiliate’s directors, officers, employees, attorneys, affiliates, auditors and regulators, and upon the order of a court or other governmental. agency having jurisdiction over the Bank or such affiliate, to any other party. The Borrower and the Bank further agree that this provision shall survive the termination of this Agreement.

13.8 Binding Effect. This Agreement shall become effective upon execution by the Borrower and the Bank. If this Agreement is not dated when executed by the Borrower, the Bank is hereby authorized, without notice to the Borrower, to date this Agreement as of the date when it was executed by the Borrower.

13.9 Governing Law. This Agreement, the Loan Documents and the Note shall be delivered and accepted in and shall be deemed to be contracts made under and governed by the internal laws of the State of Illinois (but giving effect to federal laws applicable to national banks), and for all purposes shall be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State.

13.10 Enforceability. Wherever 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 shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision shall as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

13.11 Survival of Borrower Representations. All covenants, agreements, representations and warranties made by the Borrower herein shall, notwithstanding any investigation by the Bank, be deemed material and relied upon by the Bank and shall survive the making and execution of this Agreement and the other Loan Documents and the issuance of the Note. The Bank, in extending financial accommodations to the Borrower, is expressly acting and relying on the aforesaid representations and warranties.

13.12 Extensions of Facility and Note. This Agreement shall secure and govern the terms of any extensions or renewals of the Bank’s facility hereunder and the Note pursuant to the execution of any modification, extension or renewal note executed by the Borrower and accepted by the Bank in its sole and absolute discretion in substitution for the Note.

13.13 Time of Essence. Time is of the essence in making payments of all amounts due the Bank under this Agreement and in the performance and observance by the Borrower of each covenant, agreement, provision and term of this Agreement.

13.14 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

13.15 Facsimile Signatures. The Bank is hereby authorized to rely upon and accept as an original any Loan Documents or other communication which is sent to the Bank by facsimile, telegraphic or other electronic transmission (each, a "Communication") which the Bank in good faith believes has been signed by Borrower and has been delivered to the Bank by a properly authorized representative of the Borrower, whether or not that is in fact the case. Notwithstanding the foregoing, the Bank shall not be obligated to accept any such Communication as an original and may in any instance require that an original document be submitted to the Bank in lieu of, or in addition to, any such Communication.

13.16 Notices. Except as otherwise provided herein, the Borrower waives all notices and demands in connection with the enforcement of the Bank's rights hereunder. All notices, requests, demands and other communications provided for hereunder shall be in writing, sent by certified or registered mail, postage prepaid, by facsimile, telegram or delivered in person, and addressed as follows:

If to the Borrower:	Huron Consulting Group LLC 550 W. Van Buren Street 8th Floor Chicago, Illinois 60607 Attention: Gary Burge Chief Financial Officer
with a copy to:	Huron Consulting Group LLC 550 W. Van Buren Street 8th Floor Chicago, Illinois 60607 Attention: Suzanne S. Bettman General Counsel
If to the Bank:	LaSalle Bank National Association 135 South LaSalle Street Chicago, Illinois 60603 Attention: Julianne Getty Brist First Vice President

or, as to each party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this subsection. No notice to or demand on the Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

13.17 Indemnification. The Borrower agrees to defend (with counsel reasonably satisfactory to the Bank), protect, indemnify and hold harmless each Indemnified Party from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and distributions of any kind or nature (including, without limitation, the disbursements and the reasonable fees of counsel for each Indemnified Party thereto, which shall also include, without limitation, attorneys' fees and time charges of attorneys who may be employees of the Bank, any parent corporation or affiliated corporation of the Bank), which may be imposed on, incurred by, or asserted against, any Indemnified Party (whether direct, indirect or consequential and whether based on any federal, state or local laws or regulations, including, without limitation, securities, Environmental Laws and commercial laws and regulations, under common law or in equity, or based on contract or otherwise) in any manner relating to or arising out of this Agreement or any of the Loan Documents, or any act, event or transaction related or attendant thereto, the preparation, execution and delivery of this Agreement and the Loan Documents, including, but not limited to, the making or issuance and management of the Loans, the use or intended use of the proceeds of the Loans, the enforcement of the Bank's rights and remedies under this Agreement, the Loan Documents, the Note, any other instruments and documents delivered hereunder, or under any other agreement between the Borrower and the Bank; provided, however, that the Borrower shall not have any obligations hereunder to any Indemnified Party with respect to matters caused by or resulting from the willful misconduct or gross negligence of such Indemnified Party. To the extent that the undertaking to indemnify set forth in the preceding sentence may be unenforceable because it violates any law or public policy, the Borrower shall satisfy such undertaking to the maximum extent permitted by applicable law. Any liability, obligation, loss, damage, penalty, cost or expense covered by this indemnity shall be paid to each Indemnified Party on demand, and, failing prompt payment, shall, together with interest thereon at the Default Rate from the date incurred by each Indemnified Party until paid by the Borrower, be added to the Obligations of the Borrower and be secured by the Collateral. The provisions of this Section 13.18 shall survive the satisfaction and payment of the other Obligations and the termination of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower and the Bank have executed this Loan and Security Agreement as of the date first above written.

HURON CONSULTING GROUP LLC, a Delaware limited liability company

By: /s/ Gary E. Holdren

Name: Gary E. Holdren

Title: President

ATTEST:

By: /s/ Gary L. Burge

Name: Gary L. Burge

Title: Vice President, Chief Financial Officer

Agreed and accepted:

LASALLE BANK NATIONAL ASSOCIATION, a national banking association

By: /s/ Julianne G. Brist

Name: Julianne G. Brist

Title: First Vice President

<u>FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT</u>

This First Amendment to Loan and Security Agreement (the **"Amendment"**) is executed as of January 28, 2004, by and between HURON CONSULTING GROUP LLC, a Delaware limited liability company whose address is 550 West Van Buren Street, Chicago, Illinois 60607 (the **"Borrower"**), and LaSalle Bank National Association, a national banking association whose address is 135 South LaSalle Street, Chicago, Illinois 60603 (the **"Bank"**), with reference to the following facts:

RECITALS:

A. Borrower and Bank entered into that certain Loan and Security Agreement (the **"Loan Agreement"**) dated January 31, 2003, whereby Bank agreed to provide Borrower a secured, revolving loan in the principal amount not to exceed $5,000,000.00 (the **"Revolving Loan"**), with a maturity date of January 31, 2004.

B. Borrower has requested, and Bank has agreed, to (i) increase the principal amount of the Revolving Loan to be $6,500,000.00, and (ii) amend the Loan Agreement to extend the maturity date of the Revolving Loan to February 29, 2004, all upon the terms and conditions contained in this Amendment.

NOW, THEREFORE, for valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **<u>Recitals and Certain Definitions</u>.** The Recitals set forth above are true and correct and are incorporated into this Amendment by this reference as if they were fully set forth herein. Unless the context requires otherwise, terms defined in the Loan Agreement shall have the same meaning in this Amendment. The term "Loan Agreement" as defined therein and in the other Loan Documents shall mean the Loan Agreement as amended, including by this Amendment.

2. **<u>Modifications to Loan Agreement</u>.** Each of the following definitions in Section 1.1 of the Loan Agreement are hereby amended to read as follows:

"<u>Borrowing Base Amount</u>" shall mean the lesser of (i) an amount equal to seventy-five (75%) of the net amount of the Eligible Accounts, or (ii) Six Million Five Hundred Thousand and 00/100 Dollars ($6,500,000.00).

"<u>Revolving Loan Amount</u>" shall mean Six Million Five Hundred Thousand and 00/100 Dollars ($6,500,000.00).

"<u>Revolving Loan Maturity Date</u>" shall mean February 29, 2004, unless extended by the Bank pursuant to any modification, extension or renewal note executed by the Borrower and accepted by the Bank in its sole and absolute discretion in substitution of the Revolving Note.

Such modifications shall be evidenced by Borrower executing and delivering to Lender an Amended and Restated Secured Revolving Line of Credit Note in form and content satisfactory to Lender (the **"Amended Note"**).

3. **Waiver.** Borrower informed the Bank on January 27, 2004 that in January 2004, the Borrower made a certain dividend distribution (the **"Distribution"**) to Huron Consulting Group, Inc. (**"Huron"**), which is the sole owner of Borrower, in the amount of Two Hundred Seventy-Seven Thousand and 146/100 Dollars ($277,146.00) in order to permit Huron to pay legal fees owing to the law firm of Skadden Arps Slate Meagher & Flom for work done for the benefit of Borrower. Borrower advised Bank that the distribution would cause Borrower to be in default of Section 8.6(b) of the Loan Agreement and has requested that Bank waive compliance with such Section solely for purposes of this specific default. Bank hereby agrees to waive compliance with Section 8.6(b) for purposes of the default of Borrower described in this Section. Such waiver, however, shall not be construed to permit or waive future defaults of this covenant or any other covenant in the Loan Agreement.

4. **Scope of Amendment.** This Amendment does not limit the rights of Bank with respect to any other loan documents or any other loan or other relationship to which the Borrower or Bank may be parties determined, in each case, after giving effect to any amendments in connection with this Amendment.

5. **Reaffirmation of Obligations.** Borrower (i) reaffirms all of its obligations under the Loan Documents to which it is a party, (ii) acknowledges that it has no claims, offsets, or defenses with respect to the payment of sums due under the Loan Agreement or any other Loan Document, (iii) acknowledges and consents to the modifications required pursuant to this Amendment, and (iv) acknowledges that, except as otherwise provided herein, each of the other Loan Documents is hereby ratified and confirmed and remains in full force and effect.

6. **Reaffirmation of Warranties and Representations.** Borrower hereby represents and warrants to Bank that (a) all representations and warranties contained in the Loan Documents are true and correct as of the date hereof except to the extent such representation or warranty expressly relates to an earlier date, (b) as of the date hereof Borrower is in full compliance with the covenants contained in each of the Loan Documents, except for the covenant violation which is being waived by Bank pursuant to Section 3 above and any other covenant violation heretofore expressly waived by the Bank in writing, and (c) as of the date hereof there exists no Event of Default or any condition that, with the giving of notice or lapse of time or both, would constitute an Event of Default under any of the Loan Documents, except for the default waived in Section 3 above or any other defaults heretofore expressly waived by the Bank in writing.

7. **Borrower Authorization.** Borrower hereby authorizes Bank to file such financing statements and extensions as Bank from time to time deems necessary or desirable to continue the perfection of its security interest in the Collateral.

8. **<u>Conditions to Effectiveness of Amendment</u>.** The effectiveness of this Amendment is subject to Borrower's satisfaction of the following conditions:

(a) <u>Amendment</u>. Borrower shall have delivered to Bank a duly executed counterpart of this Amendment.

(b) <u>Amended and Restated Secured Revolving Line of Credit Note</u>. Borrower shall have delivered to Bank a duly executed copy of the Amended Note.

(c) <u>Other Documents</u>. Borrower shall have delivered to Bank all other documents, certificates and agreements as Bank may request to accomplish the purposes of this Amendment, including without limitation certified corporate resolutions and certificates and good standing certificates.

(d) <u>No Defaults</u>. As of the date of this Amendment, no Event of Default under the the Loan Agreement or any of the Loan Documents shall have occurred or be continuing, except for the default waived in Section 3 above or any other defaults heretofore expressly waived by the Bank in writing.

9. **<u>Counterparts</u>.** This document may be executed in counterparts, which taken together shall be considered one and the same instrument.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this First Amendment, to Loan and Security Agreement as of the date first above written.

BORROWER:

ATTEST:

By: /s/ S. Bettman

Name: S. Bettman

Title: General Counsel

HURON CONSULTING GROUP LLC, a
Delaware limited liability company

By: /s/ Gary L. Burge

Name: Gary L. Burge

Title: CFO

BANK:

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: /s/ Julianne G. Brist, FVP

Name: Julianne G. Brist

Title: First Vice President

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

This Second Amendment to Loan and Security Agreement (the **"Amendment"**) is executed as of February 11, 2004, by and between HURON CONSULTING GROUP LLC, a Delaware limited liability company whose address is 550 West Van Buren Street, Chicago, Illinois 60607 (the **"Borrower"**), and LaSalle Bank National Association, a national banking association whose address is 135 South LaSalle Street, Chicago, Illinois 60603 (the "**Bank**"), with reference to the following facts:

RECITALS:

A. Borrower and Bank entered into that certain Loan and Security Agreement (the **"Loan Agreement"**) dated January 31, 2003, whereby Bank agreed to provide Borrower a secured, revolving loan in the principal amount not to exceed $5,000,000.00 (the **"Revolving Loan"**), with a maturity date of January 31, 2004.

B. Pursuant to a First Amendment to Loan and Security Agreement dated January 28, 2004 (the "First Amendment"), Borrower and Bank agreed to amend the Loan Agreement to, among other things, (i) increase the principal amount of the Revolving Loan to be $6,500,000.00; and (ii) extend the maturity date of the Revolving Loan to February 29, 2004.

C. Borrower has requested, and Bank has agreed to, further amend the Loan Agreement to (i) increase the principal amount of the Revolving Loan to be $15,000,000.00, (ii) extend the maturity date of the Revolving Loan to February 10, 2005, and (iii) permit certain advances under the Revolving Loan to be made on Eligible Work in Process (as defined below), all upon the terms and conditions contained in this Amendment.

NOW, THEREFORE, for valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Recitals and Certain Definitions.** The Recitals set forth above are true and correct and are incorporated into this Amendment by this reference as if they were fully set forth herein. Unless the context requires otherwise, terms defined in the Loan Agreement shall have the same meaning in this Amendment. The term "Loan Agreement" as defined therein and in the other Loan Documents shall mean the Loan Agreement as amended, including by this Amendment.

2. **Modifications to Definitions in Loan Agreement.** In order to amend the Loan Agreement in accordance with Recital C above, the following definitions in Section 1.1 of the Loan Agreement are hereby amended to read as follows:

   "Borrowing Base Amount" shall mean the lesser of (i) the sum of (a) seventy-five percent (75%) of the net amount of the Eligible Accounts and (b) thirty percent (30%) of the net amount of the Eligible Work in Process not to exceed Three Million and 00/100 Dollars ($3,000,000.00), or (ii) Fifteen Million and 00/100 Dollars ($15,000,000.00).

"Eligible Work in Process" shall mean work being performed by Borrower (and expenses being incurred on behalf of a client to the extent such expenses are reimbursable) in the ordinary course of the Borrower's business which (i) was first commenced by the Borrower within the preceding sixty (60) days but has not yet been invoiced; (ii) is being performed for a client whose Accounts would qualify as Eligible Accounts; and (iii) upon being invoiced by Borrower, would result in Accounts which qualify as Eligible Accounts. Any work which is Eligible Work in Process shall cease to be Eligible Work in Process whenever it ceases to meet anyone of the foregoing requirements.

"Revolving Loan Amount" shall mean Fifteen Million and 00/100 Dollars ($15,000,000.00).

"Revolving Loan Maturity Date" shall mean February 10, 2005, unless extended by the Bank pursuant to any modification, extension or renewal note executed by the Borrower and accepted by the Bank in its sole and absolute discretion in substitution of the Revolving Note.

Such modifications shall be evidenced by Borrower executing and delivering to Lender a Second Amended and Restated Secured Revolving Line of Credit Note in form and content satisfactory to Lender (the **"Amended Note"**).

3. **Covenants Regarding Distributions and Compensation.** Section 8.6, which contains a covenant regarding distributions of the Borrower, and Section 8.10, which contains a covenant regarding compensation to the equity members of the Borrower, are hereby deleted from the Loan Agreement.

4. **Aging Schedule.** Section 9.11 of the Loan Agreement is hereby amended to add the following sentence at the end of such Section:

"Such schedule shall also include an aging of Eligible Work in Process, in the same format and providing the same information as required in this Section 9.11 for Accounts."

5. **Field Audits.** Section 9.12 of the Loan Agreement is hereby amended to read as follows:

9.12 Field Audits. The Borrower shall allow the Bank, upon reasonable notice and without disruption to the Borrower's operation, at the Borrower's sole expense (not to exceed $10,000.00 each audit), to conduct one annual field examination of the Accounts of the Borrower, the results of which must be satisfactory in all material respects to the Bank in the Bank's reasonable discretion. The annual field audit shall be performed after June 15, 2004. The Bank will have the right to perform additional field audits at the Bank's discretion and expense, but no more frequently than one each calendar quarter.

6. **Quarterly Compliance Certificate.** Section 9.13 of the Loan Agreement is hereby amended to read in its entirety as follows:

9.13 Quarterly Compliance Certificate and Other Reports. The Borrower shall on a quarterly basis, but no later than 45 days after the end of each fiscal quarter, deliver to Bank a compliance certificate in form and substance satisfactory to Bank executed by the chief financial officer of Borrower. The Borrower shall, within such period of time as the Bank may specify, deliver to the Bank such other certificates, schedules and reports as the Bank may reasonably require.

7. **Capital Expenditures.** Section 10.2 of the Loan Agreement is hereby amended to read in its entirety as, follows:

10.2 Capital Expenditures. The Borrower shall not incur expenditures (including Capital Lease obligations) for the acquisition of fixed assets, including, but not limited to machinery, Equipment, land and buildings, in an amount greater than Seven Million Five Hundred Thousand and 00/100 Dollars ($7,500,000.00) in the aggregate in any one fiscal year (excluding any such expenditures for which the Borrower is reimbursed by its landlord).

8. **Administrative Fee; Other Fees and Costs.** As a condition to Bank entering into this Amendment, the Borrower shall have paid to the Bank a one-time non-refundable administrative fee in the amount of Thirty-Seven Thousand Five Hundred and 00/100 Dollars ($37,500.00), payable whether or not the Revolving Loan is funded. In the event of any further renewal or extension of the Revolving Loan, the parties may negotiate additional administrative fees as a condition to any such renewal or extension. Borrower shall also pay all reasonable attorneys' fees and costs and other out-of-pocket costs incurred by Bank in connection with this Amendment and the First Amendment.

9. **Scope of Amendment.** This Amendment does not limit the rights of Bank with respect to any other loan documents or any other loan or other relationship to which the Borrower or Bank may be parties determined, in each case, after giving effect to any amendments in connection with this Amendment.

10. **Reaffirmation of Obligations.** Borrower (i) reaffirms all of its obligations under the Loan Documents to which it is a party, (ii) acknowledges that it has no claims, offsets, or defenses with respect to the payment of sums due under the Loan Agreement or any other Loan Document, (iii) acknowledges and consents to the modifications required pursuant to this Amendment, and (iv) acknowledges that, except as otherwise provided herein, each of the other Loan Documents is hereby ratified and confirmed and remains in full force and effect.

11. **Reaffirmation of Warranties and Representations.** Borrower hereby represents and warrants to Bank that (a) all representations and warranties

contained in the Loan Documents are true and correct as of the date hereof as if made on the date hereof except to the extent such representation or warranty expressly relates to an earlier date, (b) as of the date hereof Borrower is in full compliance with the covenants contained in each of the Loan Documents, except for the covenant violation which was waived by Bank under the First Amendment and any other covenant violation heretofore expressly waived by the Bank in writing, and (c) as of the date hereof there exists no Event of Default or any condition that, with the giving of notice or lapse of time or both, would constitute an Event of Default under any of the Loan Documents, except for the default waived in the First Amendment or any other defaults heretofore expressly waived by the Bank in writing.

12. **Borrower Authorization.** Borrower hereby authorizes Bank to file such financing statements and extensions as Bank from time to tune deems necessary or desirable to continue the perfection of its security interest in the Collateral.

13. **Conditions to Effectiveness of Amendment.** The effectiveness of, this Amendment is subject to Borrower's satisfaction of the following conditions:

(a) Amendment. Borrower shall have delivered to Bank a duly executed counterpart of this Amendment.

(b) Second Amended and Restated Secured Revolving Line of Credit Note. Borrower shall have delivered to Bank a duly executed copy of the Amended Note.

(c) Fees. Borrower shall have paid the administrative fee set forth in Section 8 above.

(d) Other Documents. Borrower shall have delivered to Bank all other documents, certificates and agreements as Bank may request to accomplish the purposes of this Amendment, including without limitation certified corporate resolutions and certificates and good standing certificates.

(e) No Defaults. As of the date of this Amendment, no Event of Default under the Loan Agreement or any of the Loan Documents shall have occurred or be continuing, except for the default waived under the First Amendment or any other defaults heretofore expressly waived by the Bark in writing.

14. **Counterparts.** This document may be executed in counterparts, which taken together shall be considered one and the same instrument.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to Loan and Security Agreement as of the date first above written.

BORROWER:

ATTEST:		HURON CONSULTING GROUP LLC, a Delaware limited liability company	
By:	/s/ Ronald L. Provenzano	By:	/s/ Gary L. Burge
Name:	Ronald L. Provenzano	Name:	Gary L. Burge
Title:	Secretary	Title:	CFO

BANK:

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: /s/ Julianne G. Brist

Name: Julianne G. Brist

Title First Vice President

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

This Third Amendment to Loan and Security Agreement (the **"Amendment"**) is executed as of May 7, 2004, by and between HURON CONSULTING GROUP LLC, a Delaware limited liability company whose address is 550 West Van Buren Street, Chicago, Illinois 60607 (the **"Borrower"**), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association whose address is 135 South LaSalle Street, Chicago, Illinois 60603 (the **"Bank"**), with reference to the following facts:

RECITALS:

A. Borrower and Bank entered into that certain Loan and Security Agreement (the **"Loan Agreement"**) dated January 31, 2003, whereby Bank agreed to provide Borrower a secured, revolving loan in the principal amount not to exceed $5,000,000.00 (the **"Revolving Loan"**), with a maturity date of January 31, 2004.

B. Pursuant to a First Amendment to Loan and Security Agreement dated January 28, 2004 (the **"First Amendment"**), Borrower and Bank agreed to amend the Loan Agreement to, among other things, (i) increase the principal amount of the Revolving Loan to be $6,500,000.00, and (ii) extend the maturity date of the Revolving Loan to February 29, 2004.

C. Pursuant to a Second Amendment to Loan and Security Agreement dated February 11, 2004, Borrower and Bank agreed to further amend the Loan Agreement to (i) increase the principal amount of the Revolving Loan to be $15,000,000.00, (ii) extend the maturity date of the Revolving Loan to February 10, 2005, and (iii) permit certain advances under the Revolving Loan to be made on Eligible Work in Process (as defined below).

D. Borrower has requested, and Bank has agreed, to further amend the Loan Agreement to clarify the definition of the defined term used in the Borrower's minimum equity covenant and to modify such covenant, on the terms and conditions contained in this Amendment,

NOW, THEREFORE, for valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Recitals and Certain Definitions.** The Recitals set forth above are true and correct and are incorporated into this Amendment by this reference as if they were fully set forth herein. Unless the context requires otherwise, terms defined in the Loan Agreement shall have the same meaning in this Amendment. The term "Loan Agreement" as defined therein and in the other Loan Documents shall mean the Loan Agreement as amended, including by this Amendment.

2. **Modifications to Loan Agreement.** The following definition in Section 1.1 of the Loan Agreement is hereby amended to read as follows:

"Permanent Equity Capital" shall mean the sum of paid-in capital and not income less any distributions, determined based upon the annual audited financial statements of the Borrower provided to Bank pursuant to Section 9.7(a) of the Loan Agreement and a quarterly calculation for each fiscal quarter of Borrower prepared in accordance with the guidelines of the Borrower's outside accounting firm which prepared such audited financial statements. Such quarterly calculation shall be certified as accurate by the Borrower.

Section 10.1 of the Loan Agreement is hereby amended to read in its entirety as follows;

10.1 Capital. The Borrower shall at all times maintain Permanent Equity Capital of its members in the amount of Ten Million Five Hundred Thousand and no/100 Dollars ($10,500,000.00).

3. **Scope of Amendment.** This Amendment does not limit the rights of Bank with respect to any other loan documents or any other loan or other relationship to which the Borrower or Bank may be parties determined, in each case, after giving effect to any amendments in connection with this Amendment.

4. **Reaffirmation of Obligations.** Borrower (i) reaffirms all of its obligations under the Loan Documents to which it is a party, (ii) acknowledges that it has no claims, offsets, or defenses with respect to the payment of sums due under the Loan Agreement or any other Loan Document, (iii) acknowledges and consents to the modifications required pursuant to this Amendment, and (iv) acknowledges that, except as otherwise provided herein, each of the other Loan Documents is hereby ratified and confirmed and remains in full force and effect.

5. **Reaffirmation of Warranties and Representations.** Borrower hereby represents and warrants to Bank that after giving effect to this Amendment (a) all representations and warranties contained in the Loan Documents are true and correct as of the date hereof as if made on the date hereof except to the extent such representation or warranty expressly relates to an earlier date, (b) as of the date hereof Borrower is in full compliance with the covenants contained in each of the Loan Documents, except for the covenant violation which was waived by Bank under the First Amendment and which is being waived below and any other covenant violation heretofore expressly waived by the Bank in writing, and (c) as of the date hereof there exists no Event of Default or any condition that, with the giving of notice or lapse of time or both, would constitute an Event of Default under any of the Loan Documents, except for the default waived in the First Amendment or any other defaults heretofore expressly waived by the Bank in writing. Bank waives any default by Borrower occurring prior to the date hereof of Borrower's covenant in Section 10.1 of the Loan Agreement relating to Permanent Equity Capital. Such waiver shall not be deemed to constitute a waiver of any other defaults under the Loan Documents.

6. **Borrower Authorization**. Borrower hereby authorizes Bank to file such financing statements and extensions as Bank from time to time deems necessary or desirable to continue the perfection of its security interest in the Collateral.

7. **Conditions to Effectiveness of Amendment.** The effectiveness of this Amendment is subject to Borrower's satisfaction of the following conditions:

   (a) Amendment. Borrower shall have delivered to Bank a duly executed counterpart of this Amendment.

   (b) Other Documents. Borrower shall have delivered to Bank all other documents, certificates and agreements as Bank may request to accomplish the purposes of this Amendment, including without limitation certified corporate resolutions and certificates and good standing certificates.

   (c) No Defaults. As of the date of this Amendment, no Event of Default under the loan Agreement or any of the Loan Documents shall have occurred or be continuing, except for the default waived under the First Amendment or this Amendment, or any other defaults heretofore expressly waived by the Bank in writing.

8. **Counterparts.** This document may be executed in counterparts, which taken together shall be considered one and the same instrument.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Loan and Security Agreement as of the date first above written.

BORROWER:

ATTEST:

		HURON CONSULTING GROUP LLC, a Delaware limited liability company	
By:	/s/ Kimberly Miller	By:	/s/ Wayne E. Lipski
Name:	Kimberly Miller	Name:	Wayne E. Lipski
Title:	Director – Sr. Counsel	Title:	Controller and Assistant Treasurer

BANK:

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: /s/ David Bacon

Name: David Bacon

Title: /s/ AVP

FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This Fourth Amendment to Loan and Security Agreement (the "**Amendment**") is executed as of May 7, 2004, by and between HURON CONSULTING GROUP LLC, a Delaware limited liability company whose address is 550 West Van Buren Street, Chicago, Illinois 60607 (the "**Borrower**"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association whose address is 135 South LaSalle Street, Chicago, Illinois 60603 (the "**Bank**"), with reference to the following facts:

RECITALS:

A. Borrower and Bank entered into that certain Loan and Security Agreement (the "**'Loan Agreement**") dated January 31, 2003, whereby Bank agreed to provide Borrower a secured, revolving loan in the principal amount not to exceed $5,000,000.00 (the "**Revolving Loan**"), with a maturity date of January 31, 2004.

B. Pursuant to a First Amendment to Loan and Security Agreement dated January 28, 2004 (the "First Amendment"), Borrower and Bank agreed to amend the Loan Agreement to, among other things, (i) increase the principal amount of the Revolving Loan to be $6,500,000.00, and (ii) extend the maturity date of the Revolving Loan to February 29, 2004.

C. Pursuant to a Second Amendment to Loan and Security Agreement dated February 11, 2004, Borrower and Bank agreed to further amend the Loan Agreement to (i) increase the principal amount of the Revolving Loan to be $15,000,000.00, (ii) extend the maturity date of the Revolving Loan to February 10, 2005, and (iii) permit certain advances under the Revolving Loan to be made on Eligible Work in Process (as defined below).

D. Pursuant to a Third Amendment to Loan and Security Agreement, Borrower and Bank agreed to further amend the Loan Agreement to clarify the definition of the defined term used in the Borrower's minimum equity covenant and to modify such covenant.

E. Borrower has requested, and Bank has agreed, to further amend the Loan Agreement in connection with a potential initial public offering of the Borrower's parent company, on the terms and conditions contained in this Amendment.

NOW, THEREFORE, for valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Recitals and Certain Definitions**. The Recitals set forth above are true and correct and are incorporated into this Amendment by this reference as if they were fully set forth herein. Unless the context requires otherwise, terms defined in the Loan Agreement shall have the same meaning in this Amendment. The term "Loan Agreement" as defined therein and in the other Loan Documents shall mean the Loan Agreement as amended, including by this Amendment.

2. **Modifications to Loan Agreement**. The Loan Agreement is hereby amended as follows:

(a) Clause (h) of the definition of "Eligible Accounts" contained in Section 1.1 is hereby amended by inserting the following text immediately after the word "part" contained in such clause (h): "but the portion of the Accounts in excess of the amount of such setoff, counterclaim, credit, allowance, adjustment or claim that otherwise satisfies the criteria for Eligible Accounts shall be deemed Eligible Accounts."

(b) The words "and reasonable" are hereby added after the words "good faith" in the definitions of "Material Adverse Change" and "Material Adverse Event" in Section 1.1.

(c) The fourth sentence of Section 6.2 of the Loan Agreement, entitled "Lockbox Agreement", is hereby amended to read as follows: "The Borrower agrees that if Borrower is in default under any of the Loan Documents, then payments made to such Lockbox Account or otherwise received by the Bank, whether in respect of the Accounts or as proceeds of other Collateral or otherwise, at Bank's discretion may be applied on account of the Revolving Loans in accordance with the terms of this Agreement."

In addition, the following language is added at the beginning of the seventh sentence of Section 6.2 before the words "All checks, drafts": "If Borrower is in default under any of the Loan Documents,".

(d) Section 6.3 is hereby amended to add the following sentence at the end of such section: "Notwithstanding the foregoing, the following shall be permitted: (i) the sale or other disposition by Borrower of obsolete or surplus equipment; and (ii) the sale or other disposition of other assets not to exceed, either singly or in the aggregate, Five Hundred Thousand Dollars ($500,000.00) during any fiscal year, in each case so long as the proceeds from such sale or disposition are used to repay the Loans or reinvested in replacement assets to be owned by the Borrower and subject to the Bank's senior security interest."

(e) Section 6.8 of the Loan Agreement, entitled "Collateral in the Possession of a Warehouseman or Bailee," is hereby replaced in its entirety with the phrase "Intentionally omitted."

(f) The following sentence is hereby added at the end of Section 7.15 of the Loan Agreement: "The Borrower and its subsidiaries shall be permitted to maintain other deposit accounts and other bank accounts at the Bank."

(g) Clause (i) of Section 8.2 is hereby renumbered as clause (j) of such Section, and the following language is hereby added immediately preceding such clause (j):

"(i) Carriers', warehousemen's, mechanics', materialmen's, repairmen's and other similar Liens, in each case securing obligations that are not overdue by more than thirty (30) days or are being reasonably and in good faith contested by Borrower by appropriate proceedings, with adequate reserves being set aside by Borrower on its books."

(h) Section 8.3(b) is hereby amended by inserting the phrase "demand deposits," immediately before the word "certificates" contained in such Section.

(i) The following clause is hereby added as Section 8.3(f) of the Loan Agreement:

"(f) Investments by the Borrower in newly-formed or acquired direct or indirect wholly-owned subsidiaries of the Borrower; provided that any such subsidiary shall, as soon as reasonably practicable after its formation or acquisition as applicable (but in no event later than thirty (30) days from such formation or acquisition), execute a joinder agreement, in form and substance reasonably satisfactory to the Bank, pursuant to which such subsidiary becomes a party to the Loan Agreement, as a joint and several borrower under the Loan Agreement, and all references to the Borrower in the Loan Documents shall include such subsidiary, and such joinder agreement shall also provide for such subsidiary to pledge its assets to secure the Obligations, providing Bank with a senior security interest in such assets."

(j) The following language is hereby added at the end of Section 8.4 of the Loan Agreement: "Notwithstanding the foregoing, the following shall be permitted: (i) the sale or other disposition by Borrower of obsolete or surplus equipment; and (ii) the sale or other disposition of other assets not to exceed, either singly or in the aggregate, Five Hundred Thousand Dollars ($500,000.00) during any fiscal year, in each case so long as the proceeds from such sale or disposition are used to repay the Loans or reinvested in replacement assets to be owned by the Borrower and subject to the Bank's senior security interest. In addition, notwithstanding this Section 8.4 or Sections 8.5 or 11.8 hereof, transactions necessary or appropriate to complete an initial public offering of the stock of the Borrower's parent company, Huron Consulting Group Inc., will not result in a breach of such sections, provided that Borrower is otherwise in compliance with this Agreement and the other Loan Documents."

(k) The following language is hereby added in Section 9.7(a) immediately preceding the text "prepared and certified by an independent certified public account acceptable to the Bank: "with such annual audited financial statements to be".

(l) The second sentence of the last paragraph of Section 9.7 is hereby amended to add the following language at the end of such sentence after the words "of the Borrower": "as of the date of such financial statements."

(m) Section 11.4 of the Loan Agreement is hereby revised to add the following language at the end of such section after the words "such other agreement": ", except where the amount of any such obligation(s), either singly or in the aggregate when combined with such obligations resulting from other defaults of Borrower (whether related or unrelated), is less than One Million Dollars ($1,000,000.00)."

(n) Section 11.8 of the Loan Agreement is hereby amended and restated in its entirety as follows:

"11.8 Change in Control. (a) The acquisition of ownership directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof (collectively, the "Act")) (other than HCG Holdings LLC or its current or former members or their affiliates (as such term is defined in the Act)), of Equity Interests representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower or Huron Consulting Group Inc., or any change in the direct ownership, beneficially or of record, of twenty-five percent (25%) or more of the Equity Interests of Borrower, or the grant of any security interest in any such Equity Interests which could result in any of such changes. For purposes of this Section 11.8, "Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest or the grant of any security interest in any such equity interests which could result in any of such changes."

3. **Scope of Amendment**. This Amendment does not limit the rights of Bank with respect to any other loan documents or any other loan or other relationship to which the Borrower or Bank may be parties determined, in each case, after giving effect to any amendments in connection with this Amendment.

4. **Reaffirmation of Obligations**. Borrower (i) reaffirms all of its obligations under the Loan Documents to which it is a party, (ii) acknowledges that it has no claims, offsets, or defenses with respect to the payment of sums due under the Loan Agreement or any other Loan Document, (iii) acknowledges and consents to the modifications required pursuant to this Amendment, and (iv) acknowledges that, except as otherwise provided herein, each of the other Loan Documents is hereby ratified and confirmed and remains in full force and effect.

5. **Reaffirmation of Warranties and Representations**. Borrower hereby represents and warrants to Bank that after giving effect to this Amendment (a) all representations and warranties contained in the Loan Documents are true and correct as of the date hereof as if made on the date hereof except to the extent such representation or warranty expressly relates to an earlier date, (b) as of the date hereof Borrower is in full compliance with the covenants contained in each of the Loan Documents, except for the covenant violation which was waived by Bank under the First Amendment and any other covenant violation heretofore expressly waived by the Bank in writing, and (c) as of the date hereof there exists no Event of Default or any condition that, with the giving of notice or lapse of time

or both, would constitute an Event of Default under any of the Loan Documents, except for the default waived in the First Amendment or any other defaults heretofore expressly waived by the Bank in writing.

6. **Borrower Authorization**. Borrower hereby authorizes Bank to file such financing statements and extensions as Bank from time to time deems necessary or desirable to continue the perfection of its security interest in the Collateral.

7. **Conditions to Effectiveness of Amendment**. The effectiveness of this Amendment is subject to Borrower's satisfaction of the following conditions:

   (a) Amendment. Borrower shall have delivered to Bank a duly executed counterpart of this Amendment.

   (b) Other Documents. Borrower shall have delivered to Bank all other documents, certificates and agreements as Bank may request to accomplish the purposes of this Amendment, including without limitation certified corporate resolutions and certificates and good standing certificates.

   (c) No Defaults. As of the date of this Amendment, no Event of Default under the Loan Agreement or any of the Loan Documents shall have occurred or be continuing, except for the default waived under the First Amendment or any other defaults heretofore expressly waived by the Bank in writing.

8. **Counterparts**. This document may be executed in counterparts, which taken together shall be considered one and the same instrument.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Fourth Amendment to Loan and Security Agreement as of the date first above written.

BORROWER:

ATTEST:

By: /s/ Kimberly Miller

Name: Kimberly Miller

Title: Director – Senior Counsel

HURON CONSULTING GROUP LLC, a
Delaware limited liability company

By: /s/ Wayne E. Lipski

Name: Wayne E. Lipski

Title: Controller and Assistant Treasurer

BANK:

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: /s/ David Bacon

Name: David Bacon

Title: AVP

Exhibit 21.1

List of Subsidiaries of Huron Consulting Group Inc.

Certain subsidiaries are omitted from this exhibit because, when considered individually or in the aggregate, they would not constitute a significant subsidiary, as defined in Regulation S-X, Rule 1-02(w).

Name	Jurisdiction of Organization
Huron Consulting Group LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated March 25, 2004 relating to the financial statements and financial statement schedule of Huron Consulting Group Inc., which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/S/ PRICEWATERHOUSECOOPERS LLP

Chicago, Illinois
June 21, 2004

Exhibit 99.4

Consent of Person Nominated to Become a Director

I, DuBose Ausley, hereby consent to the use, in the Amendment No. 1 to the Registration Statement on Form S-1/A of Huron Consulting Group Inc., a Delaware corporation (the “Company”), to which this Consent is filed as an exhibit, of my name as a person nominated to become a director of the Company.

June 21, 2004

/s/ DuBose Ausley

DuBose Ausley