Table of Contents

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

FORM 10–K

(Mark One)

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

For the fiscal year ended December 31, 2004

OR

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

Commission file number: 000-50976

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

Delaware	**01-0666114**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

550 West Van Buren Street
Chicago, Illinois 60607
(Address of principal executive offices and zip code)

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

Securities registered pursuant to Section 12(b) of the Act: None

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

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	**NASDAQ National Market**

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2004 (the last business day of the registrant's most recently completed second fiscal quarter) is not applicable. As of January 31, 2005, 16,365,334 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

Documents Incorporated By Reference

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of its fiscal year are incorporated by reference into Part III of this annual report on Form 10-K.

Table of Contents

HURON CONSULTING GROUP INC.

ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED DECEMBER 31, 2004

TABLE OF CONTENTS

In this annual report on Form 10-K, unless the context otherwise requires, the terms “Huron,” “company,” “we,” “us” and “our” refer to Huron Consulting Group Inc. and its subsidiary, Huron Consulting Services LLC.

This annual report on Form 10-K, including the information incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are identified by words such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” or “continue.” These forward-looking statements reflect our current expectation about our future results, levels of activity, performance or achievements, including without limitation, that our business continues to grow at the current expectations; that we are able to expand our service offerings through our existing consultants and new hires; and that existing market conditions do not change from current expectations. These statements involve known and unknown risks, uncertainties and other factors 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.

PART I

ITEM 1. BUSINESS.

OVERVIEW

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, with equity sponsorship from a group of investors led by Lake Capital Management LLC. On October 13, 2004, we completed our initial public offering (“IPO”) and became a publicly traded company listed on the NASDAQ National Market. In the IPO, we sold 3,333,333 shares of common stock and a selling stockholder, HCG Holdings LLC, sold 2,416,667 shares of common stock at an offering price of $15.50 per share.

We are an independent provider of financial and operational consulting services. We believe 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, we are 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 believe that many other consulting firms provide only a limited scope of services and, therefore, a company such as ours with a wide array of services is 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 December 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. As of December 31, 2004, we had 56 managing directors who are consultants. These individuals have an average of 20 years of business experience. 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 small offices located in Charlotte and Los Angeles.

OUR SERVICES

We provide our services through two segments: Financial Consulting and Operational Consulting. For the year ended December 31, 2004, we derived 59.8% of our revenues from Financial Consulting and 40.2% from Operational Consulting. For further financial information on our segment results, see “Management’s discussion and analysis of financial condition and results of operations” and note “15. Segment Information” in the notes to consolidated financial statements included elsewhere in this annual report on Form 10-K.

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 274 consultants as of December 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 the Securities and Exchange Commission (“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.

- **Corporate advisory services.** Our corporate advisory services practice provides consulting assistance 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 of businesses, financial interests, intellectual property, real property, machinery and 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 209 consultants as of December 31, 2004. This segment's practices and the services they offer include:

- **Higher education.** Our higher education practice provides operational consulting services to colleges, 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, supply chain improvements, strategic growth and planning, financial planning and physician/ancillary services. Additionally, we provide risk management and regulatory compliance solutions. For healthcare payors, we focus on compliance and government contracting issues related to Federal Healthcare Programs. Our Medicare contract services include Medicare contract transition and termination assistance, implementation of cost accounting standards, secondary payer analyses, strategic assessments, proposal support services and assistance related to implementation of the Medicare Modernization Act. We assist pharmaceutical companies with pricing analyses and related aspects of regulatory disclosures and calculations. We also assist health plans with various operational issues including claims processing over and under-payments, Pharmacy Benefit Manager audits and business performance reporting.

- **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, contract compliance, 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 increase effectiveness of operations or decrease costs by developing and implementing solutions for clients in areas such as business alignment, operational improvement, cost efficiency, organizational alignment.
- **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. We also provide services supporting clients' paper and electronic discovery/document management needs, including computer forensics.

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 1,500 engagements for over 1,000 clients, and we have worked on engagements with 37 of the 40 largest U.S. law firms listed in *The American Lawyer* 2004 Am Law 100. Our top ten clients represented 27.8% of our revenues in the year ended December 31, 2004. No single client accounted for more than 10% of our revenues in 2004. The following are examples of engagements that we have performed for our clients.

Financial Consulting

Practice	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	• 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. • Consultants specializing in GAAP assisted the client with preparation of the restatement of its financial statements and presentations to the SEC. • 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	• Analyzed the operations of the company to predict revenue going forward to demonstrate the viability of the company. • 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. • Served as the interface between creditors' committees and their advisors by addressing information requests and managing meetings and other committee-related issues. • 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	• Analyzed the fair market value of the assets of the acquired company, including tangible assets, customer relationships, favorable contracts, franchise value and goodwill. • 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.

Operational Consulting

Practice	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 regulators	• Evaluated current operations and provided a plan for implementation of improvements to research administration infrastructure, including:
		  • roles and responsibilities within central university units and departmental units;
		  • organizational structure of the research enterprise, including its relationship with other university entities;
		  • business processes;
		  • information systems;
		  • personnel;
		  • training and educational programs; and
		  • performance measures for central research units.
		• Evaluated the exposure of the primary research support units to financial and operational risks relating to research universities.
		• Assessed impact of plans to replace university-wide financial systems on research administration support services.
		• Our strategic sourcing practice identified 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	• Comprehensive assessment of performance levels related to operating costs, supply costs, revenue cycle and organizational structure efficiency.
		• Quantified and prioritized areas of potential opportunity for change, growth and/or improvement, including revenue management, use of supplies and efficiency of information systems.
		• Developed and implemented plans for sustained improvements in:
		  • supply chain;
		  • revenue cycle; and
		  • organizational effectiveness.

	Assist in recovering overpaid claims	• Assisted a large health insurance organization perform a detailed analysis of its coordination of benefits programs. • Identified a significant number of claims that had been paid in error by the client and assisted the client in recovering these overpayments.

Performance improvement	Devised an overarching strategy for the supply chain function for a large consumer products client	• Synthesized market research, customer feedback and industry benchmarks to provoke discussion about future direction and priorities in the supply chain arena. • Facilitated a process to build consensus among senior management from across major business units leading to the development of a long-range plan and a series of near-term initiatives.
Legal business consulting	Develop cost saving intitiatives for pharmaceutical company's recently expanded legal department	• Analyzed processing of legal matters through various phases and the distribution and management of legal work by internal and outside staff. • Developed cost saving initiatives to improve organizational design, outside counsel management and business process. • 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.

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 previous year—including nearly 200 actions involving financial fraud or reporting violations. For fiscal year 2005, Congress approved 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. For fiscal year 2006, the President has recommended a budget of $888 million. 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, certain 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, 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 six months 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 33% in the first six months of 2004 compared to the first six months of 2003. We believe M&A activity creates demand for financial consulting services, such as purchase price allocations and other similar valuation services and dispute and litigation services, as well as operational consulting services, such as performance improvement and strategic sourcing.
- **Financial distress.** Despite the recent decline in corporate bankruptcy filings, we believe there will continue to be a sufficient number of bankruptcies of the size and complexity that typically require debtors and other constituents to retain the services of financial advisors. Additionally, we believe there is an ongoing need for restructuring and turnaround consulting services to assist financially distressed, under-performing and debt-laden companies and their stakeholders outside of the bankruptcy process.

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 December 31, 2004, we had 612 employees, consisting of 483 consultants and 129 non-billable professionals. The 483 consultants consisted of 56 managing directors, 70 directors, 101 managers and 256 associates and analysts. Of these consultants, 122 have a master’s degree in business administration, 77 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 129 non-billable professionals at December 31, 2004 consisted of 9 managing directors, 20 directors, 16 managers, 48 associates and analysts and 36 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 have 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 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.

AVAILABLE INFORMATION

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our website, www.huronconsultinggroup.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

RISK FACTORS

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 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 $10.9 million for the year ended December 31, 2004, we may not sustain profitability in the future. For example, we generated net income of $1.9 million for the six months ended June 30, 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. To sustain profitability, we must:

- attract, integrate, retain and motivate highly qualified consultants;
- achieve and maintain adequate utilization and suitable billing rates for our consultants;
- expand our existing relationships with our clients and identify new clients in need of our services;

- maintain and enhance our brand recognition; 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 report 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 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 December 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 overall 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 27.8% of our revenues in the year ended December 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. For clients in bankruptcy, a bankruptcy court could require us to reduce our fees for the duration of an engagement. These terminations, cancellations, delays or reductions could result from factors unrelated to our services or the progress of the engagement. When engagements are terminated or reduced, 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 continues to decline or other factors cause a decrease in demand for our corporate advisory services, 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 23.4% of our revenues for the years ended December 31, 2003 and 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 the number of large bankruptcies continues to decline or other factors cause a decrease in demand for our corporate advisory services, 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 11.8% of our revenues for the years ended December 31, 2003 and 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 5.1% of our revenues for the years ended December 31, 2003 and 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 Silicon 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 2004. Also in 2004, we decided to eliminate a service offering of a practice area in our operational consulting segment that was not meeting our expectations and incurred a restructuring charge of $1.3 million. 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, 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.

ITEM 2. PROPERTIES.

Our principal executive offices are located in Chicago, Illinois, consisting of approximately 62,000 square feet of office space, under a lease that expires in September 2014. 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.

ITEM 3. 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 annual report on Form 10-K, 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.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Trading in Huron's common stock commenced on the NASDAQ National Market on October 13, 2004, under the symbol "HURN." The table below sets forth, on a per share basis and for the period indicated, the high and low sales prices for Huron's common stock as reported by the NASDAQ National Market.

2004	High	Low
Fourth Quarter (October 13, 2004 through December 31, 2004)	$ 24.25	$ 18.01

Holders

As of January 31, 2005, there were 84 holders of record of Huron's common stock.

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. We paid the special dividend on June 29, 2004. The 8% preferred stock participated on an as converted basis. The aggregate amount of the dividend was $1.25 million, or $0.09 per share of common stock and $22.18 per share of 8% preferred stock. The payment of the special dividend was funded by our available cash balance and by borrowing availability under our credit agreement, which we repaid the following day. 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.

ITEM 6. SELECTED FINANCIAL 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 years ended December 31, 2003 and 2004 from our audited consolidated financial statements. 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 consolidated financial statements and related notes included elsewhere in this annual report on Form 10-K.

Consolidated statements of operations data (in thousands, except per share and other operating data):	Year Ended December 31, 2004	Year Ended December 31, 2003	March 19, 2002 (inception) to December 31, 2002
Revenues and reimbursable expenses:			
Revenues	$ 159,550	$ 101,486	$ 35,101
Reimbursable expenses	14,361	8,808	2,921
Total revenues and reimbursable expenses	173,911	110,294	38,022
Direct costs and reimbursable expenses:			
Direct costs	92,270	69,374	26,055
Stock-based compensation expense	978	27	—
Reimbursable expenses	14,281	8,929	2,921
Total direct costs and reimbursable expenses	107,529	78,330	28,976
Gross profit	66,382	31,964	9,046
Operating expenses:			
Selling, general and administrative	40,425	25,171	8,813
Stock-based compensation expense	433	14	—
Depreciation and amortization	2,365	5,328	3,048
Restructuring charges	3,475	—	—
Management and advisory fees paid to related parties	—	—	2,750
Loss on lease abandonment	—	1,668	—
Organization costs	—	—	965
Total operating expenses	46,698	32,181	15,576
Operating income (loss)	19,684	(217)	(6,530)
Other expenses:			
Interest expense, net	692	856	332
Other	—	112	1
Total other expenses	692	968	333
Net income (loss) before provision (benefit) for income taxes	18,992	(1,185)	(6,863)
Provision (benefit) for income taxes	8,128	(122)	(2,697)
Net income (loss)	10,864	(1,063)	(4,166)
Accrued dividends on 8% preferred stock	931	1,066	646
Net income (loss) attributable to common stockholders	$ 9,933	$ (2,129)	$ (4,812)
Net income (loss) attributable to common stockholders per share (1):			
Basic	$ 0.77	$ (0.18)	$ (0.41)
Diluted	$ 0.72	$ (0.18)	$ (0.41)
Weighted average shares used in calculating net income (loss) attributable to common stockholders per share (1):			
Basic	12,820	11,871	11,803
Diluted	13,765	11,871	11,803
Cash dividend per common share (2)	$ 0.09	—	—

Other operating data (unaudited):	Year Ended December 31, 2004	Year Ended December 31, 2003	March 19, 2002 (inception) to December 31, 2002
Number of consultants (at end of period) (3)	483	477	262
Average number of consultants (for the period)	487	365	247
Utilization rate (4)	72.2%	66.1%	57.3%
Average billing rate per hour (5)	$ 239	$ 217	$ 206

Consolidated balance sheet data (in thousands):	As of December 31, 2004	As of December 31, 2003	As of December 31, 2002
Cash and cash equivalents	$ 28,092	$ 4,251	$ 4,449
Working capital	$ 42,898	$ 10,159	$ 9,780
Total assets	$ 83,219	$ 39,889	$ 26,583
Long-term debt (consisting of 8% promissory notes)	$ —	$ 10,076	$ 10,076
Total 8% preferred stock	$ —	$ 14,212	$ 13,146
Total stockholders' equity (deficit)	$ 49,233	$ (6,624)	$ (4,543)

(1) Adjusted for a 1 for 2.3 reverse stock split effected on October 5, 2004.

(2) 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. We paid the special dividend on June 29, 2004. The 8% preferred stock participated on an as converted basis. The aggregate amount of the dividend was $1.25 million, or $0.09 per share of common stock and $22.18 per share of 8% preferred stock. 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.

(3) Consultants consist of our billable professionals.

(4) 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.

(5) 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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 December 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 2003 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 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 2004 totaled $159.6 million, a 57.2% increase from 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 83.1% of our revenues in 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 year ended December 31, 2004, fixed-fee engagements represented approximately 11.8% 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. For example, our revenues for the second quarter of 2004 included a $1.6 million success fee earned on a time-and-expense engagement that included a performance-based component related to the completion of a series of asset sales transactions managed on behalf of a single financial consulting segment client over a two-year period. While performance-based fee revenues represented approximately 5.1% of our revenues in 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 impacted principally by our utilization rate, the number of business days in each quarter and the number of our consultants who are available to work. 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.

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. Direct costs also include stock-based compensation, which represents the cost of stock option and restricted stock awards granted to our consultants.

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, and professional fees. Other operating expenses include depreciation and amortization expense and stock-based compensation, which represents the cost of stock option and restricted stock awards granted to our non-billable professionals.

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.

INITIAL PUBLIC OFFERING

On October 13, 2004, we completed our initial public offering ("IPO"). In the IPO, we sold 3,333,333 shares of common stock and a selling stockholder, HCG Holdings LLC, sold 1,666,667 shares of common stock at an offering price of $15.50 per share. On October 22, 2004, the underwriters exercised in full their over-allotment option to purchase an additional 750,000 shares of common stock from the selling stockholder. The IPO generated gross proceeds to us of $51.7 million, or $48.0 million net of underwriting discounts. We did not receive any proceeds from the shares sold by the selling stockholder. On October 18, 2004, we used $15.1 million of the net proceeds to redeem the outstanding 8% preferred stock, including cumulative dividends and a liquidation participation amount totaling $2.6 million. Also on October 18, 2004, the Company used $10.7 million of the net proceeds to repay the notes payable to HCG Holdings LLC, including accrued and unpaid interest of $0.6 million. The costs associated with the IPO, which totaled $3.3 million, were paid from the proceeds. We are using the remaining IPO proceeds for general corporate purposes, including working capital. Additionally, immediately prior to the completion of this offering, each outstanding share of Class B common stock automatically converted into a share of Class A common stock and our Class A common stock was renamed to "common stock."

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 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.

Allowances for doubtful accounts and unbilled services

We maintain allowances 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 allowances are assessed by management on a regular basis. If the financial condition of a client deteriorates in the future, impacting the client's ability to make payments, an increase to our allowances might be required or our allowances 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 experienced net losses early in our history, 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 Opinion No. 25 ("APB 25), "Accounting for Stock Issued to Employees," and related interpretations and have elected the disclosure option of Statement of Financial Accounting Standards ("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 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 prior to our IPO, we established an estimated fair value of the common stock as well as the exercise price for the options to purchase this stock. We estimated the fair value of our common stock by evaluating our results of business activities and projections of our future results of operations.

RESULTS OF OPERATIONS

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

Segment and Consolidated Operating Results (in thousands):	Year Ended December 31, 2004	Year Ended December 31, 2003	Mar. 19, 2002 (inception) to Dec. 31, 2002
Revenues and reimbursable expenses:			
Financial Consulting revenues	$ 95,476	$ 69,941	$ 22,400
Operational Consulting revenues	64,074	31,545	12,701
Total revenues	159,550	101,486	35,101
Total reimbursable expenses	14,361	8,808	2,921
Total revenues and reimbursable expenses	$ 173,911	$ 110,294	$ 38,022
Operating income (loss):			
Financial Consulting	$ 36,258	$ 22,011	$ 3,912
Operational Consulting	21,116	5,383	3,527
Total segment operating income	57,374	27,394	7,439
Unallocated corporate costs	31,417	20,601	7,206
Depreciation and amortization expense	2,365	5,328	3,048
Other operating expenses	3,908	1,682	3,715
Total operating expenses	37,690	27,611	13,969
Operating income (loss)	$ 19,684	$ (217)	$ (6,530)
Other Operating Data			
Number of consultants (at period end) (1):			
Financial Consulting	274	290	172
Operational Consulting	209	187	90
Total	483	477	262
Average number of consultants (for the period):			
Financial Consulting	286	227	163
Operational Consulting	201	138	84
Total	487	365	247
Utilization rate (2):			
Financial Consulting	72.0%	66.8%	55.7%
Operational Consulting	72.5%	65.0%	60.5%
Total	72.2%	66.1%	57.3%
Average billing rate per hour (3):			
Financial Consulting	$ 254	$ 233	$ 212
Operational Consulting	$ 220	$ 189	$ 195
Total	$ 239	$ 217	$ 206

(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.

Year ended December 31, 2004 compared to year ended December 31, 2003

Revenues

Revenues increased $58.1 million, or 57.2%, to $159.6 million for the year ended December 31, 2004 from $101.5 million for the year ended December 31, 2003. Revenues from time-and-expense engagements increased $46.5 million, or 54.0%, to $132.6 million for the year ended December 31, 2004 from $86.1 million for the year ended December 31, 2003. Revenues from fixed-fee engagements increased $6.7 million, or 55.4%, to $18.8 million for the year ended December 31, 2004 from $12.1 million for the year ended December 31, 2003. Revenues from performance-based engagements increased $4.9 million, or 148.5%, to $8.2 million for the year ended December 31, 2004 from $3.3 million for the year ended December 31, 2003.

The overall $58.1 million increase in revenues resulted from a $32.3 million increase in revenues attributable to an increase in billable hours associated with new and existing client engagements and the hiring of additional consultants, a $16.7 million increase in revenues attributable to an increase in the average billing rate per hour and a $9.1 million increase in revenues attributable to an increase in our utilization rate. The average number of consultants increased to 487 for the year ended December 31, 2004 from 365 for the year ended December 31, 2003 as we added a substantial number of consultants during the second half of 2003 to meet growing demand for our services and position us for future growth. The average billing rate per hour increased 10.1% to $239 for the year ended December 31, 2004 from $217 for the year ended December 31, 2003. In addition, our utilization rate increased to 72.2% for the year ended December 31, 2004 from 66.1% in the year ended December 31, 2003.

Direct costs

Our direct costs increased $22.9 million, or 33.0%, to $92.3 million in the year ended December 31, 2004 from $69.4 million in the year ended December 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 continue to 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.

Stock-based compensation expense increased to $1.0 million primarily due to the issuance of employee stock option awards with a higher intrinsic value during the first quarter of 2004 and the granting of restricted common stock awards. On October 12, 2004, immediately prior to our IPO, we granted stock-based compensation awards to certain employees and each of our independent directors.

- We granted a total of 767,700 shares of restricted common stock to certain employees. Compensation expense for the restricted common stock is based on the market value of the shares awarded at the date of grant and is amortized on a straight-line basis over the vesting period of four years. Compensation expense relating to these awards totaled $0.6 million in the year ended December 31, 2004.
- We granted to certain employees options exercisable for 75,370 shares of our common stock and to our independent directors options exercisable for 51,612 shares of our common stock. The exercise price of these options is $15.50 per share and equals the market value of our common stock on the date of grant. As such, there is no compensation expense relating to these options.

As a result of the grant of restricted common stock awards, annual stock-based compensation expense will increase in the future as vesting occurs. Also, as a result of new accounting rules, we will begin to account for outstanding stock option awards and new stock option awards under the fair value method pursuant to SFAS No. 123 (revised 2004), “Share-Based Payment,” in the third quarter of 2005. See “Recent Accounting Pronouncements” below.

Operating expenses

Selling, general and administrative expenses increased $15.2 million, or 60.3%, to $40.4 million in the year ended December 31, 2004 from $25.2 million in the year ended December 31, 2003. The increase was due in part to an increase in the average number of non-billable professionals to 113 for the year ended December 31, 2004 from 76 for the year ended December 31, 2003 and their related compensation and benefit costs of $16.5 million in the year ended December 31, 2004 compared to $9.0 million in the year ended December 31, 2003. Selling, general and administrative expenses in the year ended December 31, 2004 also included severance charges totaling $1.8 million as we eliminated the positions of certain managing directors and other senior level consultants. Severance charges included the settling of contractual obligations with certain managing directors. The remaining increase in selling, general and administrative expenses in 2004 compared to 2003 was due to increases in rent and other facility costs, promotion and marketing costs, and other administrative costs associated with the general growth in our business activity, as well as costs incurred to establish an infrastructure to support a public company. We expect operating expenses will continue to increase in the future in response to ongoing growth in our business activity and new costs associated with being a public company.

Depreciation expense increased $0.8 million, or 50.0%, to $2.4 million in the year ended December 31, 2004 from $1.6 million in the year ended December 31, 2003 as computers, furniture and fixtures, and leasehold improvements were added to support our increase in employees. There was no amortization expense in 2004 compared to $3.7 million in the year ended December 31, 2003. The amortization expense in 2003 related to $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 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 approximately $2.0 million for severance payments for the ten employees formerly employed at these locations, which were paid by April 30, 2004, and $0.1 million for office lease payments, which were paid by August 31, 2004. Other operating expenses also included a $1.3 million pre-tax restructuring charge as we decided to eliminate a service offering of a practice area in the operational consulting segment that was not meeting our expectations.

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.

Operating income (loss)

Operating income in the year ended December 31, 2004 was $19.7 million compared to an operating loss of $0.2 million in the year ended December 31, 2003. The increase in operating income was primarily due to revenue growing at a higher rate as compared to the growth in direct costs and operating expenses. Operating margin, which is defined as operating income expressed as a percentage of revenues, was 12.2% in the year ended December 31, 2004.

Segment results

Financial Consulting

Revenues

Financial Consulting segment revenues increased $25.6 million, or 36.6%, to $95.5 million for the year ended December 31, 2004 from $69.9 million for the year ended December 31, 2003. Revenues from time-and-expense engagements increased $23.6 million, or 36.8%, to $87.8 million for the year ended December 31, 2004 from $64.2 million for the year ended December 31, 2003. Revenues from fixed-fee engagements increased $1.1 million, or 22.4%, to $6.0 million for the year ended December 31, 2004 from $4.9 million for the year ended December 31, 2003. Revenues from performance-based engagements increased $0.9 million, or 112.5%, to $1.7 million for the year ended December 31, 2004 from $0.8 million for the year ended December 31, 2003. Performance-based fee revenues for the year ended December 31, 2004 consisted of a $1.6 million success fee recognized in the second quarter relating to the successful completion of a series of asset sales transactions managed on behalf of a single client over a two-year period.

The overall $25.6 million increase in revenues resulted from a $12.6 million increase in revenues attributable to an increase in billable hours associated with new and existing client engagements and the hiring of additional consultants, a $7.6 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 286 for the year ended December 31, 2004 from 227 for the year ended December 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 9.0% to $254 for the year ended December 31, 2004 from $233 for the year ended December 31, 2003. In addition, our utilization rate increased to 72.0% for the year ended December 31, 2004 from 66.8% for the year ended December 31, 2003.

Operating income

Financial Consulting segment operating income increased $14.3 million, or 65.0%, to $36.3 million in the year ended December 31, 2004 from $22.0 million in the year ended December 31, 2003. Segment operating margin improved to 38.0% in the year ended December 31, 2004 from 31.5% in the year ended December 31, 2003, primarily as a result of the increase in revenues discussed above, partially offset by an increase in direct costs in 2004.

Operational Consulting

Revenues

Operational Consulting segment revenues increased $32.6 million, or 103.5%, to $64.1 million for the year ended December 31, 2004 from $31.5 million for the year ended December 31, 2003. Revenues from time-and-expense engagements increased $22.9 million, or 104.6%, to $44.8 million for the year ended December 31, 2004 from $21.9 million for the year ended December 31, 2003. Revenues from fixed-fee engagements increased $5.6 million, or 77.8%, to $12.8 million for the year ended December 31, 2004 from $7.2 million for the year ended December 31, 2003. Revenues from performance-based engagements increased $4.1 million, or 170.8%, to $6.5 million for the year ended December 31, 2004 from $2.4 million for the year ended December 31, 2003.

The overall $32.6 million increase in revenues resulted from an $19.9 million increase in revenues attributable to an increase in billable hours associated with new and existing client engagements and the hiring of additional consultants, a $9.1 million increase in revenues attributable to an increase in the average billing rate per hour and a $3.6 million increase in revenues attributable to an increase in our utilization rate. The average number of consultants increased to 201 for the year ended December 31, 2004 from 138 for the year ended December 31, 2003. The average billing rate per hour increased 16.4% to $220 for the year ended December 31, 2004 from $189 for the year ended December 31, 2003. Our utilization rate of 72.5% for the year ended December 31, 2004 was up from 65.0% for the year ended December 31, 2003.

Operating income

Operational Consulting segment operating income increased $15.7 million, or 290.7%, to $21.1 million in the year ended December 31, 2004 from $5.4 million in the year ended December 31, 2003. Segment operating margin increased to 33.0% in the year ended December 31, 2004 from 17.1% in the year ended December 31, 2003, primarily due to the increase in revenues discussed above, partially offset by an increase in direct costs in 2004, as well as investments made during 2003 to start a new practice and expand our capabilities in an existing practice in this segment.

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 $55.9 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 $5.1 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 our parent, 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 $11.4 million, or 108.6%, to $21.9 million for the year ended December 31, 2003 from $10.5 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 $18.8 million increase in revenues resulted from an $18.8 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.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flows from operations, proceeds generated by our IPO, debt capacity available under our credit facility and available cash reserves. Cash and cash equivalents, consisting of demand deposits and short-term commercial paper, increased $23.8 million, from $4.3 million at December 31, 2003, to $28.1 million at December 31, 2004 primarily due to cash generated by our IPO and growth in our business.

Operating activities

Cash flows generated by operating activities totaled $12.5 million for the year ended December 31, 2004 and $4.0 million for the year ended December 31, 2003. The increase in cash provided by operations for the year ended December 31, 2004 was primarily attributable to higher revenues and improved financial results due to the general growth in our business. Our operating assets and liabilities consist primarily of receivables from billed and unbilled services, accounts payable and accrued expenses, and accrued payroll and related benefits. The volume of billings and the timing of collections and payments affect these account balances. Receivables from clients and unbilled services increased $11.4 million during the year ended December 31, 2004 primarily due to increased revenues generated and billed. This increase in client balances was substantially offset by a $11.3 million increase in accounts payable and accrued expenses and accrued payroll and related benefits. Accrued payroll and related benefits at December 31, 2004 included $16.3 million of accrued bonuses, which we will pay out in the first quarter of 2005.

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.

Investing activities

Cash used by investing activities was $6.9 million for the year ended December 31, 2004 and $4.2 million for the year ended December 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. We estimate that our capital expenditures in 2005 will be approximately $8.0 million for the purchase of additional computers, furniture and fixtures and leasehold improvements as our business continues to expand.

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, and $0.8 million 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.

Financing activities

Cash provided by financing activities was $18.3 million for the year ended December 31, 2004 primarily due to cash proceeds generated by our IPO, which we used a portion of to redeem the outstanding 8% preferred stock and repay the 8% promissory notes as discussed below. On June 29, 2004, we paid a special dividend to our stockholders. The special dividend was declared on May 12, 2004 for each outstanding share of common stock and 8% preferred stock payable to holders of record on May 25, 2004. The 8% preferred stock participated on an as converted basis. The aggregate amount of the dividend was $1.3 million, or $0.09 per share of common stock and $22.18 per share of 8% preferred stock. The payment of the special dividend was funded by our available cash balance and by borrowing availability under our credit agreement described below, which we repaid the following day.

Between April and June 2002, in connection with our initial capitalization, we issued to our parent, 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 11,281,243 shares of our common stock at a purchase price of $0.02 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.

Upon the consummation of our IPO on October 18, 2004, we used $15.1 million of our net proceeds from the IPO to redeem the outstanding 8% preferred stock, plus cumulative dividends and a liquidation participation amount totaling $2.6 million. Also on October 18, 2004, we used $10.7 million of our net proceeds from the IPO to repay the 8% promissory notes, including accrued and unpaid interest of $0.6 million.

Huron Consulting Services LLC had a bank credit agreement that expired on February 10, 2005 that allowed it to borrow up 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 were limited by any outstanding letters of credit. Borrowings under the credit agreement bore interest at either the prime rate or LIBOR, rounded up to the nearest whole percentage, plus 2.75%, and were secured by substantially all of Huron Consulting Services LLC's assets. The bank credit agreement included 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. As of December 31, 2004, we were in compliance with the bank credit agreement debt covenants and had no borrowings outstanding. The balance available under the agreement was $13.3 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.

Prior to the expiration of the bank credit agreement described above, we established a new facility. The new bank credit agreement, expiring on February 10, 2006, allows us to borrow up to the lesser of $25.0 million or the sum of (a) 85% of eligible accounts receivable and (b) the lesser of 40% of unbilled services and $5.0 million. Borrowings under the agreement will be limited by any outstanding letters of credit, will bear interest at LIBOR plus 1.75%, and will be secured by substantially all of our assets. The 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.

Future needs

Our primary financing need has been to fund our growth. Our growth strategy includes 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, proceeds from our IPO and borrowing availability under our credit agreement. Because we expect that our future annual growth rate in revenues and related percentage increases in working capital balances will moderate, we believe cash generated from operations and the IPO, supplemented as necessary by borrowings under our credit facility, will be adequate to fund this growth.

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, 2004 (in thousands).

	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Operating leases	$ 4,461	$9,149	$8,668	$14,601	$36,879
Purchase obligations	1,303	49	20	—	1,372
Total contractual obligations	$ 5,764	$9,198	$8,688	$14,601	$38,251

We lease our facilities and certain equipment under operating lease arrangements expiring on various dates through 2014, with various renewal options. 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. Certain leases provide for monthly payments of real estate taxes, insurance and other operating expense applicable to the property. Some of the leases contain provisions whereby the future rental payments may be adjusted for increases in operating expense above the specified amount.

Purchase obligations include information technology and telecommunication obligations, as well as other commitments to purchase services where we cannot cancel or would be required to pay a termination fee in the event of cancellation.

OFF BALANCE SHEET ARRANGEMENTS

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

RECENT ACCOUNTING PRONOUNCEMENT

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), “Share-Based Payment,” (“SFAS No. 123R”). This statement requires that the costs of employee share-based payments be measured at fair value on the awards’ grant date using an option-pricing model and recognized in the financial statements over the requisite service period. This statement does not 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.” SFAS No. 123R supersedes APB 25 and its related interpretations, and eliminates the alternative to use APB 25’s intrinsic value method of accounting, which we are currently using. Additionally, SFAS No. 123R amends SFAS No. 95, “Statement of Cash Flows,” to require that excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid.

SFAS No. 123R allows for two alternative transition methods. The first method is the modified prospective application whereby compensation cost for the portion of awards for which the requisite service has not yet been rendered that are outstanding as of the adoption date will be recognized over the remaining service period. The compensation cost for that portion of awards will be based on the grant-date fair value of those awards as calculated for pro forma disclosures under SFAS No. 123, as originally issued. All new awards and awards that are modified, repurchased, or cancelled after the adoption date will be accounted for under the provisions of SFAS No. 123R. The second method is the modified retrospective application, which requires that we restate prior period financial statements. The modified retrospective application may be applied either to all prior periods or only to prior interim periods in the year of adoption of this statement. We are currently determining which transition method we will adopt and are evaluating the impact SFAS No. 123R will have on our financial position, results of operations, EPS, and cash flows when the statement is adopted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE 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. We had no borrowings outstanding under our bank credit agreement as of December 31, 2003 and 2004, and, as a result, any 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 and short-term commercial paper. Due to the short maturity of our investments and debt obligations, we have concluded that we do not have material market risk exposure.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Company's consolidated financial statements and supplementary data are included in pages F-1 through F-20 of this annual report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2004. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2004, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act.

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the "Exchange Act") that occurred during the quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Executive Officers and Directors

The information required by this item is incorporated by reference from portions of our definitive proxy statement for our annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A by April 30, 2005 (the "Proxy Statement") under "Nominees to Board of Directors," "Directors Not Standing For Election," "Executive Officers" and "Board Meetings and Committees."

Compliance with Section 16(a) of the Exchange Act

The information required by this item is incorporated by reference from a portion of the Proxy Statement under "Section 16(a) Beneficial Ownership Reporting Compliance."

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code") that is applicable to all our employees, officers and directors. The Code is available on our website at www.huronconsultinggroup.com. If we make any amendments to or grant any waivers from the Code which are required to be disclosed pursuant to the Securities Exchange Act of 1934, we will make such disclosures on our website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from a portion of the Proxy Statement under "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information as of December 31, 2004 with respect to equity compensation plans approved by shareholders. We do not have equity compensation plans that have not been approved by shareholders.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance (excluding shares in 1st column)
Equity compensation plans approved by shareholders (1):			
2002 Equity Incentive Plan	445,220	$ 0.02	— (2)
2002 Equity Incentive Plan (California)	88,597	$ 0.79	— (2)
2003 Equity Incentive Plan	1,005,686	$ 1.07	— (2)
2004 Omnibus Stock Plan	125,562	$ 15.50	1,194,088
Equity compensation plans not approved by shareholders:	N/A	N/A	N/A
Total	1,665,065	$ 1.86	1,194,088

(1) Our equity compensation plans were approved by the existing shareholders prior to our IPO.

(2) Prior to the completion of our IPO, we established the 2004 Omnibus Stock Plan. We terminated the 2002 Equity Incentive Plan, 2002 Equity Incentive Plan (California) and 2003 Equity Incentive Plan and no further awards will be granted under these plans.

The other information required by this item is incorporated by reference from a portion of the Proxy Statement under "Stock Ownership of Certain Beneficial Owners and Management."

ITEM 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS.

The information required by this item is incorporated by reference from a portion of the Proxy Statement under "Certain Relationships and Related Transactions."

ITEM 14. PRINCIPAL INDEPENDENT ACCOUNTANT FEES AND SERVICES.

The information required by this item is incorporated by reference from a portion of the Proxy Statement under "Audit and Non-Audit Fees."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) Documents filed as part of this annual report on Form 10-K.

1. **Financial Statements** – Our independent auditors' report and consolidated financial statements are listed below and begin on page F-1 of this annual report on Form 10-K.

   Independent Auditors' Report
   Consolidated Balance Sheets
   Consolidated Statements of Operations
   Consolidated Statements of Stockholders' Equity (Deficit)
   Consolidated Statements of Cash Flows
   Notes to Consolidated Financial Statements

2. **Financial Statement Schedules** – The financial statement schedules required by this item are included in the consolidated financial statements and accompanying notes.

3. **Exhibit Index**

Exhibit Number	Exhibit Description
3.1	Third Amended and Restated Certificate of Incorporation of Huron Consulting Group Inc. (filed herewith).
3.2*	Bylaws of Huron Consulting Group Inc.
4.1*	Specimen Stock Certificate.
10.1*	Office Lease, dated December 2003, between Union Tower, LLC and Huron Consulting Services LLC (formerly known as HuronConsulting Group LLC).
10.2*	Senior Management Agreement, effective as of May 13, 2002, between Huron Consulting Services LLC (formerly known as HuronConsulting Group LLC) and Gary E. Holdren.
10.3*	First Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Gary E. Holdren.
10.4*	Second Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as 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 Services LLC (formerly known as 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 Services LLC (formerly known as Huron Consulting Group LLC) and George E. Massaro.
10.8*	First Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and George E. Massaro.
10.9*	Senior Management Agreement, effective as of May 15, 2002, between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Daniel Broadhurst.
10.10*	First Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Daniel Broadhurst.
10.11*	Senior Management Agreement, effective as of May 1, 2002, between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Mary Sawall.
10.12*	First Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Mary Sawall.
10.13*	Huron Consulting Group Inc. 2002 Equity Incentive Plan and form of option 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 option agreement thereunder.
10.16*	Huron Consulting Group Inc. 2003 Equity Incentive Plan and form of option 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 Services LLC (formerly known as Huron Consulting Group LLC) and LaSalle Bank, N.A.
10.19*	Loan and Security Agreement, dated January 31, 2003, between Huron Consulting Services LLC (formerly known as 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.
10.20	Registration Rights Agreement, dated October 12, 2004, between Huron Consulting Group Inc. and HCG Holdings LLC (filed herewith).
10.21	Management rights letter agreement, dated October 12, 2004, between Huron Consulting Group Inc. and Lake Capital Partners LP (filed herewith).
10.22	Senior Management Agreement, effective as of November 25, 2002, between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Gary L. Burge (filed herewith).
10.23	First Amendment to Senior Management Agreement between Huron Consulting Services LLC (formerly known as Huron Consulting Group LLC) and Gary L. Burge (filed herewith).
10.24	Executive Officers' Compensation for 2004 and 2005 Summary Sheet (filed herewith).
10.25	Directors' Compensation for 2005 Summary Sheet (filed herewith).
10.26	Third Amended and Restated Secured Revolving Line of Credit Note, dated February 10, 2005, between Huron Consulting Group Inc., Huron Consulting Services LLC and LaSalle Bank, N.A. (filed herewith).
10.27	Amended and Restated Loan and Security Agreement between Huron Consulting Group Inc., Huron Consulting Services LLC and LaSalle Bank, N.A., dated as of February 10, 2005 (filed herewith).
21.1*	List of Subsidiaries of Huron Consulting Group Inc.
23.1	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference to the same number exhibit filed with the Registrant's Registration Statement on Form S-1 (File No. 333-115434).

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 16, 2005.

Signature	Title	Date
/s/ Gary E. Holdren Gary E. Holdren	Chairman, Chief Executive Officer and President	February 16, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, on February 16, 2005.

Signature	Title	Date
/s/ Gary E. Holdren Gary E. Holdren	Chairman, Chief Executive Officer and President (Principal Executive Officer)	February 16, 2005
/s/ George E. Massaro George E. Massaro	Chief Operating Officer and Director	February 16, 2005
/s/ Gary L. Burge Gary L. Burge	Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 16, 2005
/s/ DuBose Ausley DuBose Ausley	Director	February 16, 2005
/s/ Deborah A. Bricker Deborah A. Bricker	Director	February 16, 2005
/s/ James D. Edwards James D. Edwards	Director	February 16, 2005
/s/ John McCartney John McCartney	Director	February 16, 2005
/s/ Paul G. Yovovich Paul G. Yovovich	Director	February 16, 2005

HURON CONSULTING GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

INDEX

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' equity (deficit) and cash flows present fairly, in all material respects, the financial position of Huron Consulting Group Inc. and its subsidiary at December 31, 2004 and 2003, and the results of their operations and their cash flows for the years ended December 31, 2004 and 2003 and the period from March 19, 2002 (inception) to December 31, 2002 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
February 14, 2005

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

	December 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 28,092	$ 4,251
Receivables from clients, net	21,750	15,118
Unbilled services, net	10,830	7,946
Income tax receivable	494	2,286
Deferred income taxes	7,919	1,946
Other current assets	3,053	837
Total current assets	72,138	32,384
Property and equipment, net	8,975	4,498
Other assets:		
Deferred income taxes	1,450	2,333
Deposits	656	674
Total other assets	2,106	3,007
Total assets	$ 83,219	$ 39,889
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 2,809	$ 1,396
Accrued expenses	3,334	3,822
Accrued payroll and related benefits	20,494	13,914
Deferred revenue	2,603	2,273
Interest payable to HCG Holdings LLC	—	820
Total current liabilities	29,240	22,225
Non-current liabilities:		
Accrued expenses	598	—
Deferred lease incentives	4,148	—
Total non-current liabilities	4,746	—
Commitments and contingencies		
Notes payable to HCG Holdings LLC	—	10,076
8% preferred stock, $1,000 per share stated value plus accrued 8% annual cumulative dividends; 106,840 shares authorized; 0 and 12,500 shares issued and outstanding at December 31, 2004 and 2003, respectively	—	14,212
Stockholders' equity (deficit)		
Common stock (previously named Class A common stock)*; $0.01 par value; 500,000,000 shares authorized; 16,364,574 and 11,281,243 shares issued and outstanding at December 31, 2004 and 2003, respectively	164	259
Class B common stock (retired in 2004)*; $0.01 par value; 6,486,715 shares authorized; 682,348 shares issued and outstanding at December 31, 2003	—	16
Additional paid-in capital	59,608	42
Deferred stock-based compensation	(12,281)	—
Retained earnings (deficit)	1,742	(6,941)
Total stockholders' equity (deficit)	49,233	(6,624)
Total liabilities and stockholders equity (deficit)	$ 83,219	$ 39,889

* Adjusted to reflect a 1 for 2.3 reverse stock split effected on October 5, 2004.

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

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

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Revenues and reimbursable expenses:			
Revenues	$159,550	$101,486	$ 35,101
Reimbursable expenses	14,361	8,808	2,921
Total revenues and reimbursable expenses	173,911	110,294	38,022
Direct costs and reimbursable expenses:			
Direct costs	92,270	69,374	26,055
Stock-based compensation expense	978	27	—
Reimbursable expenses	14,281	8,929	2,921
Total direct costs and reimbursable expenses	107,529	78,330	28,976
Gross profit	66,382	31,964	9,046
Operating expenses:			
Selling, general and administrative	40,425	25,171	8,813
Stock-based compensation expense	433	14	—
Depreciation and amortization	2,365	5,328	3,048
Restructuring charges	3,475	—	—
Loss on lease abandonment	—	1,668	—
Management and advisory fees paid to related parties	—	—	2,750
Organizational costs	—	—	965
Total operating expenses	46,698	32,181	15,576
Operating income (loss)	19,684	(217)	(6,530)
Other expenses:			
Interest expense, net	692	856	332
Other	—	112	1
Total other expenses	692	968	333
Net income (loss) before provision (benefit) for income taxes	18,992	(1,185)	(6,863)
Provision (benefit) for income taxes	8,128	(122)	(2,697)
Net income (loss)	10,864	(1,063)	(4,166)
Accrued dividends on 8% preferred stock	931	1,066	646
Net income (loss) attributable to common stockholders	$ 9,933	$ (2,129)	$ (4,812)
Net income (loss) attributable to common stockholders per share*:			
Basic	$ 0.77	$ (0.18)	$ (0.41)
Diluted	$ 0.72	$ (0.18)	$ (0.41)
Weighted average shares used in calculating net income (loss) attributable to common stockholders per share*:			
Basic	12,820	11,871	11,803
Diluted	13,765	11,871	11,803

* Adjusted to reflect a 1 for 2.3 reverse stock split effected on October 5, 2004.

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

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

	Common Stock (previously named Class A Common Stock)		Class B Common Stock (retired in 2004)		Stock Subscription Receivable	Additional Paid-In Capital	Deferred Stock-based Compen-sation	Retained Earnings (Deficit)	Stockholders' Equity (Deficit)
	Shares*	Amount	Shares*	Amount					
Balance at March 19, 2002 (inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —
Net loss								(4,166)	(4,166)
Issuance of Class A common stock	11,281,243	259							259
Issuance of Class B common stock			521,740	12					12
Stock subscription receivable					(2)				(2)
Accrued dividends on 8% preferred stock								(646)	(646)
Balance at December 31, 2002	11,281,243	259	521,740	12	(2)	—	—	(4,812)	(4,543)
Net loss								(1,063)	(1,063)
Exercise of stock options			160,608	4					4
Stock option compensation						42			42
Stock subscription receivable					2				2
Accrued dividends on 8% preferred stock								(1,066)	(1,066)
Balance at December 31, 2003	11,281,243	259	682,348	16	—	42	—	(6,941)	(6,624)
Net income								10,864	10,864
Dividends paid								(1,250)	(1,250)
Issuance of common stock in connection with:									
Initial public offering, net of offering costs	3,333,333	33				44,696			44,729
Restricted stock awards, net of cancellations	821,350	8				12,976	(12,984)		—
Exercise of stock options	29,846		216,454	2		51			53
Stock-based compensation						709	703		1,412
Income tax benefit on stock-based compensation						980			980
1 for 2.3 reverse stock split		(145)		(9)		154			—
Conversion of Class B common stock to common stock	898,802	9	(898,802)	(9)					—
Accrued dividends on 8% preferred stock								(931)	(931)
Balance at December 31, 2004	16,364,574	$ 164	—	$ —	$ —	$ 59,608	$ (12,281)	$ 1,742	$ 49,233

* Adjusted for a 1 for 2.3 reverse stock split effected on October 5, 2004.

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

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

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Cash flows from operating activities:			
Net income (loss)	$ 10,864	$ (1,063)	$ (4,166)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,365	5,328	3,048
Loss on long-term deposits	—	111	—
Deferred income taxes	(5,090)	(1,568)	(2,710)
Stock-based compensation expense	1,412	42	—
Tax benefit from stock options exercised	980	—	—
Allowances for doubtful accounts and unbilled services	1,873	1,410	382
Changes in operating assets and liabilities:			
Increase in receivables from clients	(7,943)	(9,711)	(6,441)
Increase in unbilled services	(3,446)	(2,198)	(6,506)
Decrease (increase) in income tax receivable, net	2,741	(2,286)	—
Increase in other current assets and other	(2,114)	(449)	(388)
Decrease (increase) in deposits	18	98	(883)
Increase in accounts payable and accrued expenses	4,721	3,661	1,557
Increase in accrued payroll and related benefits	6,580	9,289	4,625
(Decrease) increase in interest payable to HCG Holdings LLC	(820)	477	343
Increase in deferred revenue	330	893	1,380
Net cash provided by (used in) operating activities	12,471	4,034	(9,759)
Cash flows from investing activities:			
Purchase of property and equipment, net	(6,943)	(4,179)	(2,312)
Acquisition of intangibles	—	(60)	(6,324)
Net cash used in investing activities	(6,943)	(4,239)	(8,636)
Cash flows from financing activities:			
Proceeds from issuance of common stock (previously named Class A common stock), net of offering costs	44,729	—	259
Proceeds from issuance of Class B common stock	—	3	9
Proceeds from (redemption) issuance of 8% preferred stock	(12,500)	—	12,500
Payment of accrued dividends on 8% preferred stock	(2,643)	—	—
Proceeds from exercise of stock options	53	4	—
Proceeds from borrowings under line of credit	37,200	19,175	—
Repayments on line of credit	(37,200)	(19,175)	—
(Redemption of) proceeds from notes issued to HCG Holdings LLC	(10,076)	—	10,076
Dividends paid on common stock	(1,250)	—	—
Net cash provided by financing activities	18,313	7	22,844
Net increase (decrease) in cash and cash equivalents	23,841	(198)	4,449
Cash and cash equivalents:			
Beginning of the period	4,251	4,449	—
End of the period	$ 28,092	$ 4,251	$ 4,449
Noncash transaction:			
Accrued dividends on 8% preferred stock	$ 931	$ 1,066	$ 646
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 1,647	$ 417	$ —
Cash paid for taxes	$ 9,497	$ 3,736	$ —

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

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

1. Description of Business

Huron Consulting Group Inc. was formed on March 19, 2002. Huron Consulting Group Inc., together with its wholly owned subsidiary, Huron Consulting Services LLC, (collectively the "Company"), 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. On October 13, 2004, the Company completed its initial public offering ("IPO") of shares of its common stock (see Note 10).

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of Huron Consulting Group Inc. and its wholly owned subsidiary, Huron Consulting Services LLC. All material intercompany balances and transactions have been eliminated in consolidation.

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.

Reclassifications

Certain amounts reported in previous years have been reclassified to conform to the 2004 presentation.

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.

Allowances for Doubtful Accounts and Unbilled Services

The Company maintains allowances 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 allowances are assessed by management on a regular 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

The Company considers all highly liquid investments, including overnight investments and commercial paper, with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

To the extent receivables from clients become delinquent, collection activities commence. No single client balance is considered large enough to pose a significant credit risk. The allowances for doubtful accounts and unbilled services are 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 of the asset. Software, computers and related equipment are depreciated over an estimated useful life of 2 to 3 years. Furniture and fixtures are depreciated over 5 years. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the initial term of the lease.

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." No impairment charges were recorded in 2004, 2003 and 2002.

Intangible Assets

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

Non-Current Liabilities

The Company records certain liabilities that are expected to be settled over a period that exceeds one year as non-current liabilities. The Company has recorded in accrued expenses the loss on abandonment of one of its leases as a non-current liability for the payments that are expected to exceed a one-year term. The Company has also recorded as non-current the portion of the deferred lease incentive liability that the Company expects to recognize over a period greater than one year. The deferred lease incentive liability at December 31, 2004 totaled $4.1 million and consists of $3.8 million of tenant improvement allowance. The remaining balance primarily represents rent abatement. Deferred lease incentives are amortized on a straight-line basis over the life of the lease. The payments that will be paid within twelve months of the balance sheet date related to the lease abandonment and the deferred lease incentive are classified as current liabilities. The Company monitors the classification of such liabilities based on the expectation of their utilization periods.

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.

Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (“APB 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 the Company’s stock at the date of grant over the exercise price.

The following table details the effect on net income (loss) attributable to common stockholders and net income (loss) attributable to common stockholders per share if compensation expense for the stock plans had been recorded based on the fair value method under SFAS No. 123.

	Year Ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Net income (loss) attributable to common stockholders	$9,933	$(2,129)	$ (4,812)
Add: Total stock-based employee compensation expense included in reported net income (loss), net of related tax effects	844	25	—
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(943)	(28)	—
Pro forma net income (loss) attributable to common stockholders	$9,834	$(2,132)	$ (4,812)
Earnings (loss) per share:			
Basic – as reported	$ 0.77	$ (0.18)	$ (0.41)
Basic – pro forma	$ 0.77	$ (0.18)	$ (0.41)
Diluted – as reported	$ 0.72	$ (0.18)	$ (0.41)
Diluted – pro forma	$ 0.71	$ (0.18)	$ (0.41)

Segment Reporting

SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information,” establishes annual and interim reporting standards for an enterprise’s 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 Pronouncement

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), "Share-Based Payment," ("SFAS No. 123R"). This statement requires that the costs of employee share-based payments be measured at fair value on the awards' grant date using an option-pricing model and recognized in the financial statements over the requisite service period. This statement does not 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." SFAS No. 123R supersedes APB 25 and its related interpretations, and eliminates the alternative to use APB 25's intrinsic value method of accounting, which the Company is currently using. Additionally, SFAS No. 123R amends SFAS No. 95, "Statement of Cash Flows," to require that excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid.

SFAS No. 123R allows for two alternative transition methods. The first method is the modified prospective application whereby compensation cost for the portion of awards for which the requisite service has not yet been rendered that are outstanding as of the adoption date will be recognized over the remaining service period. The compensation cost for that portion of awards will be based on the grant-date fair value of those awards as calculated for pro forma disclosures under SFAS No. 123, as originally issued. All new awards and awards that are modified, repurchased, or cancelled after the adoption date will be accounted for under the provisions of SFAS No. 123R. The second method is the modified retrospective application, which requires that the Company restates prior period financial statements. The modified retrospective application may be applied either to all prior periods or only to prior interim periods in the year of adoption of this statement. The Company is currently determining which transition method it will adopt and is evaluating the impact SFAS No. 123R will have on its financial position, results of operations, EPS and cash flows when the statement is adopted.

3. Earnings Per Share

Basic earnings per share (EPS) excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential reduction in EPS that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. EPS under the basic and diluted computation are as follows:

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Net income (loss)	$10,864	$ (1,063)	$ (4,166)
Dividends accrued on 8% preferred stock	(931)	(1,066)	(646)
Net income (loss) attributable to common stockholders	$ 9,933	$ (2,129)	$ (4,812)
Weighted average common shares outstanding – basic	12,820	11,871	11,803
Weighted average common stock equivalents	945	—	—
Weighted average common shares outstanding – diluted	13,765	11,871	11,803
Basic net income (loss) attributable to common stockholders per share	$ 0.77	$ (0.18)	$ (0.41)
Diluted net income (loss) attributable to common stockholders per share	$ 0.72	$ (0.18)	$ (0.41)

Prior to the redemption of the 8% preferred stock in 2004, the 8% preferred stockholders participated in any dividends paid to common stockholders on an as converted basis using the current period estimated fair market value of a share of common stock. Net loss is not allocated to preferred stockholders.

The computation of diluted EPS for the period from March 19, 2002 (inception) to December 31, 2002 excluded outstanding stock options of 842,826 because the strike prices for those securities were equal to the estimated average market price of the common shares. The computation of diluted EPS for the year ended December 31, 2003 excluded 1,599,185 outstanding stock options because the effect of these securities would have been anti-dilutive as the Company incurred a net loss for the year.

4. Restructuring Charges

In March 2004, the Company incurred a $2.1 million pre-tax restructuring charge associated with the closing of two offices. The charge included approximately $2.0 million for severance payments, which were paid by April 30, 2004, and $0.1 million for office lease payments, which were paid by August 31, 2004.

In September 2004, the Company decided to eliminate a service offering of a practice area in the operational consulting segment that was not meeting its expectations and recorded a pre-tax restructuring charge of $1.3 million in the third quarter of 2004. As of December 31, 2004, the Company has substantially utilized the restructuring reserve through cash payments for severance.

5. Property and Equipment

Property and equipment at December 31, 2004 and 2003, are detailed below:

	December 31,	
	2004	2003
Computers, related equipment and software	$ 5,746	$ 3,944
Furniture and fixtures	2,925	1,021
Leasehold improvements	4,520	1,525
Property and equipment	13,191	6,490
Accumulated depreciation and amortization	(4,216)	(1,992)
Property and equipment, net	$ 8,975	$ 4,498

6. 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 $5.5 million and the assumption of certain related liabilities in the amount of $0.8 million. 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 year ended December 31, 2003 and the period from March 19, 2002 (inception) to December 31, 2002 was $3.7 million and $2.6 million, respectively. The remaining net book value of the intangible asset was fully amortized during the year ended December 31, 2003.

7. 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 years ended December 31, 2004, 2003 and the period from March 19, 2002 (inception) to December 31, 2002 were $3.3 million, $2.3 million and $0.9 million, respectively.

8. 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, 2003 was $10.1 million. Interest accrued daily on the promissory notes at a rate of 8% per year and aggregated $0.8 million at December 31, 2003.

Upon the consummation of the IPO on October 18, 2004, the Company used $10.7 million of the net proceeds from the IPO to repay its notes payable to HCG Holdings LLC, including accrued and unpaid interest of $0.6 million.

9. Line of Credit and Guarantee

Huron Consulting Services LLC had a bank credit agreement that expired on February 10, 2005 that allowed it to borrow up 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 were limited by any outstanding letters of credit. Borrowings bore interest at either the prime rate or LIBOR, rounded up to the nearest whole percentage, plus 2.75%, and were secured by substantially all of Huron Consulting Services LLC's assets. The borrowing facility was unused as of December 31, 2004 and 2003. At both December 31, 2004 and 2003, Huron Consulting Services LLC was in compliance with or obtained waivers for its debt covenants.

Prior to the expiration of the bank credit agreement described above, the Company established a new facility. The new bank credit agreement, expiring on February 10, 2006, allows the Company to borrow up to the lesser of $25.0 million or the sum of (a) 85% of eligible accounts receivable and (b) the lesser of 40% of unbilled services and $5.0 million. Borrowings under the agreement will be limited by any outstanding letters of credit, will bear interest at LIBOR plus 1.75%, and will be secured by substantially all of the Company's assets. The bank credit agreement includes covenants for minimum equity and maximum annual capital expenditures, as well as covenants restricting the Company's ability to incur additional indebtedness or engage in certain types of transactions outside of the ordinary course of business.

Guarantees in the form of letters of credit of $1.7 million and $1.0 million were outstanding at December 31, 2004 and 2003, respectively, to support certain office lease obligations.

10. Capital Structure and Initial Public Offering

Prior to its IPO, the Company's capital structure consisted of 8% preferred stock, preferred stock and Class A and Class B common stock.

8% Preferred Stock

The 8% preferred stock had a stated value of $1,000 per share and accrued dividends on a daily basis, compounded annually, at the rate of 8% per annum on the stated value. Between April and June 2002, in connection with the Company's initial capitalization, the Company issued to HCG Holdings LLC an aggregate of 12,500 shares of the Company's 8% preferred stock for an aggregate consideration of $12.5 million. Upon the consummation of the Company's IPO on October 18, 2004, the Company used $15.1 million of the IPO proceeds to redeem all outstanding 8% preferred stock, plus cumulative dividends and a liquidation participation amount totaling $2.6 million.

Preferred Stock

The Company is expressly authorized to issue up to 50,000,000 shares of preferred stock. The Company's certificate of incorporation authorizes the Company's board of directors, 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. As of December 31, 2004 and 2003, no such preferred stock have been approved or issued.

Common Stock

Prior to the IPO, the Company had issued and outstanding Class A voting and Class B nonvoting common stock. Pursuant to the terms of the Company's certificate of incorporation, each share of the Company's Class B common stock was automatically converted into one share of Class A common stock immediately prior to the consummation of the IPO and the Company's Class A common stock was renamed to "common stock."

The holders of common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. Subject to the rights and preferences of the holders of any series of preferred stock that may at the time be outstanding, holders of common stock are entitled to such dividends as the Company's board of directors may declare. In the event of any liquidation, dissolution or winding-up of the Company's affairs, after payment of all of the Company's debts and liabilities and subject to the rights and preferences of the holders of any series of preferred stock that may at the time be outstanding, holders of common stock will be entitled to receive the distribution of any of the Company's remaining assets.

Dividends

On May 12, 2004, the Company declared a special dividend for each outstanding share of common stock and 8% preferred stock payable to holders of record on May 25, 2004. The 8% preferred stock participated on an as converted basis. The aggregate amount of the dividend was $1.3 million, or $0.09 per share of common stock and $22.18 per share of 8% preferred stock, and was paid on June 29, 2004.

Initial Public Offering

On October 13, 2004, the Company completed its IPO. In the IPO, the Company sold 3,333,333 shares of common stock and a selling stockholder, HCG Holdings LLC, sold 1,666,667 shares of common stock at an offering price of $15.50 per share. On October 22, 2004, the underwriters exercised in full their over-allotment option to purchase an additional 750,000 shares of common stock from the selling stockholder. The IPO generated gross proceeds to the Company of $51.7 million, or $48.0 million net of underwriting discounts. The Company did not receive any proceeds from the shares sold by the selling stockholder.

11. Equity Incentive Plans

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 1,316,740 Class B non-voting and 108,696 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 1,377,392 Class B nonvoting shares may be granted.

Prior to the completion of the IPO, the Huron Consulting Group Inc. 2004 Omnibus Stock Plan (the "Omnibus Plan") was established. The plans described in the paragraph above were terminated and no further awards will be granted under these plans. The Omnibus Plan provides for the issuance of stock options and other equity-based awards valued in whole or in part by reference to, or otherwise based on, the Company's common stock. A total of 2,141,000 shares of common stock are reserved for issuance under the Omnibus Plan, of which 1,194,088 remain available for future issuance at December 31, 2004. Subject to acceleration under certain conditions, stock options generally vest annually, pro-rata over 4 years. All options expire ten years after the grant date.

The stock option activity under the Company's various equity incentive plans is as follows (number of options in thousands):

	2004		2003		2002	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,599	$ 0.36	843	$ 0.02	—	$ —
Granted:						
Exercise price = fair market value	127	15.50	935	0.60	856	0.02
Exercise price < fair market value	422	1.96	—	—	—	—
Exercised	(246)	0.22	(161)	0.02	—	—
Canceled	(237)	0.85	(18)	0.18	(13)	0.02
Outstanding, end of year	1,665	$ 1.86	1,599	$ 0.36	843	$ 0.02
Exercisable, end of year	614	$ 0.58	47	$ 0.02	—	$ —
Weighted average fair value of options granted during the year:						
Exercise price = fair market value	$ 7.34		$ 0.69		$ —	
Exercise price < fair market value	$ 6.50		—		—	

The fair value of each stock option is estimated (on the date of grant) based on the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31,		
	2004	2003	2002
Expected dividend yield	0%	0%	0%
Expected volatility	12%	1%	1%
Risk-free interest rate	2.6%	2.3%	3.3%
Expected option life (in years)	4	4	5

Options outstanding and exercisable at December 31, 2004 are as follows (number of options in thousands):

	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Range of Exercise Prices					
$0.00 to $0.02	571	7.8	$ 0.02	492	$ 0.02
$0.03 to $0.85	593	8.5	$ 0.69	105	$ 0.74
$0.86 to $1.96	375	9.1	$ 1.96	—	—
$1.97 to $15.50	126	9.7	$ 15.50	17	$ 15.50
Total	1,665	8.5	$ 1.86	614	$ 0.58

The Company's Omnibus Plan also provides for granting restricted stock awards to certain employees and officers. Restricted stock awards are restricted from sale and generally vest over a three-year or four-year period. On October 12, 2004, immediately prior to the IPO, the Company granted a total of 767,700 shares of restricted common stock to certain employees and officers. On November 2, 2004, the Company granted an additional 68,850 shares of restricted common stock. Total compensation expense relating to these restricted common stock awards of $13.2 million, which is based on the market value of the shares awarded at the date of grant, will be amortized on a straight-line basis over the vesting period. For the year ended December 31, 2004, amortization expense relating to these restricted common stock awards totaled $0.7 million.

12. Income Taxes

The income tax expense (benefit) for the years ended December 31, 2004 and 2003 and for the period from March 19, 2002 (inception) to December 31, 2002 consists of the following:

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Current:			
Federal	$ 9,592	$ 1,139	$ —
State	2,647	307	13
Total current	12,239	1,446	13
Deferred:			
Federal	(3,162)	(1,256)	(2,171)
State	(949)	(312)	(539)
Total deferred	(4,111)	(1,568)	(2,710)
Income tax expense (benefit)	$ 8,128	$ (122)	$ (2,697)

A reconciliation of the U.S. statutory income tax rate to the Company's effective tax rate is as follows. The 2003 tax rate effects of meals and entertainment and other non-deductible items are due to the ratio of non-deductible expense relative to the pretax loss for the year. Other non-deductible items include taxes not deductible for federal income tax purposes.

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Percent of pretax income:			
At U.S. statutory tax rate – expense (benefit)	35.0%	(35.0)%	(35.0)%
State income taxes	5.2	(5.2)	(5.1)
Meals and entertainment	2.5	17.9	0.8
Other non-deductible items	0.1	12.0	—
Effective income tax expense (benefit) rate	42.8%	(10.3)%	(39.3)%

Deferred tax assets at December 31, 2004 and 2003 consist of the following:

	Year ended December 31,	
	2004	2003
Deferred tax assets:		
Accrued payroll and other liabilities	$ 4,757	$1,144
Amortization of intangibles	2,064	2,283
Revenue recognition	1,787	720
Deferred lease incentives	1,374	69
Stock-based compensation	537	—
Net operating loss carryforward	194	408
Other	61	87
Total deferred assets	10,774	4,711
Deferred tax liabilities:		
Property and equipment	(967)	(300)
Prepaid expenses	(438)	(132)
Total deferred liabilities	(1,405)	(432)
Net deferred tax asset	$ 9,369	$4,279

At December 31, 2004, the Company had a net operating loss carryforward for U.S. federal income tax purposes of approximately $0.5 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, the Company determined that no valuation allowance against deferred tax assets at December 31, 2004 and 2003 was necessary.

13. 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 $1.5 million payment. The Company paid an additional $1.0 million 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 $0.3 million for certain advisory services. The advisory services agreement was terminated in July 2002.

14. 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 leases office space and certain equipment under noncancelable operating lease arrangements expiring on various dates through 2014, with various renewal options. The Company's principal executive offices located in Chicago, Illinois are under a lease that expires in September 2014, with two five-year renewal options, and accounts for approximately 70% of the Company's future minimum rental commitments. Office facilities under operating leases include fixed or minimum payments plus, in some cases, scheduled base rent increases over the term of the lease. Certain leases provide for monthly payments of real estate taxes, insurance and other operating expense applicable to the property. Some of the leases contain provisions whereby the future rental payments may be adjusted for increases in operating expense above the specified amount. Rental expense, including operating costs and taxes, for the period from March 19, 2002 (inception) to December 31, 2002 and the years ended December 31, 2003 and 2004 was $1.2 million, $3.0 million and $4.1 million, respectively. Future minimum rental commitments under non-cancelable operating leases and sublease income as of December 31, 2004, are as follows:

	Minimum Rental Commitment	Sublease Income
2005	$ 4,461	$ 268
2006	4,419	299
2007	4,730	182
2008	4,380	
2009	4,288	
Thereafter	14,601	
Total	$ 36,879	$ 749

15. Segment Information

Segments are defined by SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information,” as components of a company in which separate financial information is available and is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

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.

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.

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:

	Year ended December 31,		Mar. 19, 2002 (inception) to Dec. 31, 2002
	2004	2003	
Financial Consulting:			
Revenues	$ 95,476	$ 69,941	$ 22,400
Segment operating income	$ 36,258	$ 22,011	$ 3,912
Segment operating income as a percent of segment revenues	38.0%	31.5%	17.5%
Operational Consulting:			
Revenues	$ 64,074	$ 31,545	$ 12,701
Segment operating income	$ 21,116	$ 5,383	$ 3,527
Segment operating income as a percent of segment revenues	33.0%	17.1%	27.8%
Total Company:			
Revenues	$159,550	$101,486	$ 35,101
Reimbursable expenses	14,361	8,808	2,921
Total revenues and reimbursable expenses	$173,911	$110,294	$ 38,022
Statement of operations reconciliation:			
Segment operating income	$ 57,374	$ 27,394	$ 7,439
Charges not allocated at the segment level:			
Other selling, general and administrative expenses	31,417	20,601	7,206
Stock-based compensation expense	433	14	—
Depreciation and amortization expense	2,365	5,328	3,048
Restructuring charges	3,475	—	—
Loss on lease abandonment	—	1,668	—
Management and advisory fees paid to related parties and organization costs	—	—	3,715
Interest expense, net	692	856	332
Other	—	112	1
Net income (loss) before provision (benefit) for income taxes	$ 18,992	$ (1,185)	$ (6,863)
Segment assets:			
Financial Consulting	$ 18,921	$ 15,961	$ 8,727
Operational Consulting	13,659	7,103	3,837
Unallocated assets	50,639	16,825	14,019
Total assets	$ 83,219	$ 39,889	$ 26,583

All long-lived assets are in the United States. During 2004, 2003 and 2002, no client in either segment accounted for 10% or more of total revenues of the Company.

16. Valuation and Qualifying Accounts

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

	Beginning balance	Additions	Deductions*	Ending balance
Period from March 19, 2002 (inception) to December 31, 2002:				
Allowances for doubtful accounts and unbilled services	$ —	841	459	$ 382
Year ended December 31, 2003:				
Allowances for doubtful accounts and unbilled services	$ 382	5,335	3,925	$1,792
Year ended December 31, 2004:				
Allowances for doubtful accounts and unbilled services	$ 1,792	9,051	7,178	$3,665

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

17. Selected Quarterly Financial Data (unaudited)

	Quarter Ended			
2004	**Mar. 31,**	**Jun. 30,**	**Sep. 30**	**Dec. 31**
Revenues	$40,101	$41,503	$37,109	$40,837
Reimbursable expenses	3,443	3,647	3,225	4,046
Total revenues and reimbursable expenses	43,544	45,150	40,334	44,883
Gross profit	15,153	18,885	14,762	17,582
Operating income	4,253	8,731	2,135	4,565
Net income attributable to common stockholders	2,074	4,600	811	2,448
Net income attributable to common stockholders per share*:				
Basic	$ 0.16	$ 0.35	$ 0.06	$ 0.16
Diluted	$ 0.15	$ 0.32	$ 0.06	$ 0.15
Weighted average shares used in calculating net income attributable to common stockholders per share*:				
Basic	11,974	12,050	12,180	15,061
Diluted	12,747	13,044	13,149	16,101

2003	Quarter Ended Mar. 31,	Jun. 30,	Sep. 30	Dec. 31
Revenues	$23,212	$23,711	$25,549	$29,014
Reimbursable expenses	2,069	1,837	2,105	2,797
Total revenues and reimbursable expenses	25,281	25,548	27,654	31,811
Gross profit	9,631	7,961	6,461	7,911
Operating income (loss)	3,515	326	(3,315)	(743)
Net income (loss) attributable to common stockholders	1,688	(344)	(2,440)	(1,033)
Net income (loss) attributable to common stockholders per share*:				
Basic	$ —	$ (0.03)	$ (0.20)	$ (0.09)
Diluted	$ —	$ (0.03)	$ (0.20)	$ (0.09)
Weighted average shares used in calculating net income (loss) attributable to common stockholders per share*:				
Basic	11,803	11,809	11,927	11,946
Diluted	11,803	11,809	11,927	11,946

Exhibit 3.1

THIRD AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
HURON CONSULTING GROUP INC.

Pursuant to Sections 228, 242 and 245 of the
Delaware General Corporation Law

Huron Consulting Group Inc. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**GCL**"), does hereby certify as follows:

(1) The name of the Corporation is Huron Consulting Group Inc. The original certificate of incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on March 19, 2002 under the name SSCG, Inc.

(2) This Third Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the GCL.

(3) This Third Amended and Restated Certificate of Incorporation restates and integrates and further amends the Amended and Restated Certificate of Incorporation of the Corporation, as heretofore amended, supplemented or corrected.

(4) The text of the Amended and Restated Certificate of Incorporation is amended and restated in its entirety as follows:

ARTICLE I
Name

The name of the Corporation is Huron Consulting Group Inc. (the "**Corporation**").

ARTICLE II
Registered Office and Registered Agent

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle. The name of its registered agent is The Corporation Trust Company.

ARTICLE III
Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the GCL as set forth in Title 8 of the General Corporation Law of the State of Delaware (the "**GCL**").

ARTICLE IV
Stock Issuance

Part A. Authorized Shares

The amount of the total authorized capital stock of the Corporation is 556,499,215 shares, consisting of:

(a) 50,000,000 shares of preferred stock, par value $0.01 per share (the "**Preferred Stock**");

(b) 500,000,000 shares of Class A Voting Common Stock, par value $.01 per share (the "**Class A Common Stock**");

(c) 6,486,715 shares of Class B Non-Voting Common Stock, par value $.01 per share (the "**Class B Common Stock**" and together with the Class A Common Stock, the "**Common Stock**"); and

(d) 12,500 shares of 8% Preferred Stock, par value $0.01 per share (the "**8% Preferred Stock**").

The preferences, qualifications, limitations, restrictions and special or relative rights of shares of each class of authorized capital stock are set forth below.

Part B. Preferred Stock

The Board of Directors of the Corporation (the "**Board**") is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such class or series and as may be permitted by the GCL, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

Part C. Common Stock

Except as otherwise provided in this Third Amended and Restated Certificate of Incorporation or as otherwise required by applicable law, all shares of Class A Common Stock and Class B Common Stock shall be identical in all respects and shall entitle holders thereof to the same rights and privileges, subject to the same qualifications, limitations and restrictions.

Section 1. Voting. Except as otherwise required by statute or specifically provided in this Third Amended and Restated Certificate of Incorporation, the holders of any outstanding shares of Class A Common Stock shall have the sole right and power to vote on all matters on which a vote of stockholders is to be taken. The Corporation, by action of the Board and the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote irrespective of the provisions of Section 242(b)(2) of the GCL, may increase or decrease the number of authorized shares of Class B Common Stock (but not below the number of shares of Class B Common Stock then outstanding). Except as otherwise required by statute or specifically provided in this Third Amended and Restated Certificate of Incorporation, at every meeting of the stockholders:

(a) each holder of shares of Class A Common Stock shall be entitled to cast one (1) vote, in person or by proxy, for each share of Class A Common Stock standing in his, her or its name on the transfer books of the Corporation; and

(b) holders of shares of Class B Common Stock shall have no right to vote on any matter submitted to the stockholders of the Corporation for vote, consent or approval, and shares of Class B Common Stock shall not be included in determining the number of shares voting or entitled to vote on any such matter.

Section 2. No Cumulative Voting. The holders of shares of Common Stock shall not have cumulative voting rights.

Section 3. No Preemptive or Subscription Rights. The holders of shares of Common Stock shall not have preemptive or subscription rights.

Section 4. Dividends; Conversion; Issuance

4.1 General Obligation. Subject to the rights of the holders of the 8% Preferred Stock and any series of Preferred Stock set forth in **Parts B and E** of **Article IV** and any other provisions herein, holders of Class A Common Stock and Class B Common Stock shall be entitled to receive, equally on a per share basis, such dividends and other distributions in cash, stock, or property of the Corporation as may be declared thereon by the Board from time to time out of assets or funds of the Corporation legally available therefore. Dividends shall be declared and paid to holders of shares of any of the Class A Common Stock and Class B Common Stock only if such dividends are declared and paid to all holders of shares of such classes in the same amount per share.

4.2 Distributions of Stock. If at any time a dividend or distribution of shares of Class A Common Stock or Class B Common Stock, or any other securities of the Corporation, is to be made to holders of shares of Class A Common Stock or Class B Common Stock (hereinafter referred to as a "**share distribution**"), such share distribution may be declared and paid only as follows:

(a) a share distribution consisting of shares of Class A Common Stock to holders of shares of Class A Common Stock; provided, there shall be a simultaneous share distribution consisting of shares of Class B Common Stock to holders of shares of Class B Common Stock in the same amount per share;

(b) a share distribution consisting of shares of Class B Common Stock to holders of shares of Class B Common Stock; provided, there shall be a simultaneous share distribution consisting of shares of Class A Common Stock to holders of shares of Class A Common Stock in the same amount per share; or

(c) a share distribution consisting of any other class of securities of the Corporation to holders of shares of Class A Common Stock and Class B Common Stock in the same amount per share.

Notwithstanding anything to the contrary herein, the issuance of shares of any class of Common Stock upon the conversion of shares of 8% Preferred Stock or Preferred Stock pursuant to **Part B** or **Part E** of **Article IV** hereof or of any class of Common Stock pursuant to this **Part C** of **Article IV** hereof shall not constitute a "share distribution" of purposes of this **Section 4**.

4.3 Liquidation; Dissolution. Subject to the rights of the holders of the 8% Preferred Stock and any series of Preferred Stock set forth in **Parts B and E** of **Article IV** and any other provisions herein, upon any liquidation, dissolution or winding up of the Corporation, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall be entitled to receive, equally on a per share basis, the assets of the Corporation available for distribution after payments to creditors and to the holders of any 8% Preferred Stock or any series of Preferred Stock that may at the time be outstanding, in proportion to the number of shares held by them, respectively, without regard to class.

4.4 Issuance of Common Stock; Automatic Conversion. Upon a Fundamental Change, a Change of Control or immediately prior to the closing of a Qualified Public Offering, each share of Class B Common Stock then issued and outstanding shall automatically convert, on a share for share basis, to a share of Class A Common Stock and the Class B Common Stock shall cease to exist as a separate class of Common Stock.

Section 5. Reclassification, Etc. Neither the Class A Common Stock nor Class B Common Stock may be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of Common Stock is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

Part D. Power to Sell and Purchase Shares

Subject to the requirements of applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to the requirements of applicable law, the Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

Part E. 8% Preferred Stock

Section 1. Dividends.

1.1 General Obligations. Each share of 8% Preferred Stock shall have a stated value (the "**Stated Value**") of $1,000. Each share of 8% Preferred Stock will accrue dividends on a daily basis at the rate of eight percent (8%) per annum compounded annually (calculated on the basis of a 360 day year of 30 day months), on the Stated Value thereof (the "**8% Dividend**") from and including the earlier of (a) the date of the contribution of cash or other property with respect to which such share of 8% Preferred Stock is issued and (b) the date of issuance of such share of 8% Preferred Stock, to and

including the earlier of (x) the date of any liquidation, dissolution or winding up of the Corporation, (y) the date on which such share of 8% Preferred Stock is redeemed in accordance with **Section 5** of this **Part E** or (z) the date on which such share of 8% Preferred Stock is converted in accordance with **Section 6 or Section 7** of this **Part E** (the "**Accrual Period**"), and will also receive any dividends paid on the Common Stock during the Accrual Period on an as converted basis using the then current Market Price of a share of Common Stock and the then current Stated Value of a share of 8% Preferred Stock. The 8% Dividend will accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends; provided that such dividends will be paid only when, as and if declared by the Board, out of funds legally available for the payment of dividends. The date on which the Corporation initially issues any share of 8% Preferred Stock will be deemed to be its "date of issuance" regardless of the number of times transfer of such share of 8% Preferred Stock is made on the stock records maintained by or for the Corporation and regardless of the number of certificates that may be issued to evidence such share of 8% Preferred Stock.

1.2 Priority of Dividends. All accrued and unpaid 8% Dividends on the 8% Preferred Stock shall be fully paid, or declared with funds irrevocably set apart for payment, before any dividend, distribution or payment may be made with respect to any 8% Junior Securities.

1.3 Payments of Dividends. Subject to **Section 1.1** of this **Part E**, dividends on the 8% Preferred Stock may be declared by the Board and paid on any date fixed by the Board, to the holders of record of the 8% Preferred Stock as they appear on the stock register of the Corporation on the record date fixed by the Board. Any dividend payments shall first be credited against 8% Dividends accumulated with respect to the earliest period for which dividends have not been paid, pro rata to the holders of 8% Preferred Stock.

Section 2. Liquidation.

2.1 Liquidation; Dissolution. Upon any liquidation, dissolution or winding up of the Corporation, each holder of 8% Preferred Stock shall be entitled to be paid, before any distribution or payment is made upon any 8% Junior Securities, an amount in cash equal to the Stated Value of the shares of 8% Preferred Stock held by each such holder plus all accrued and unpaid 8% Dividends thereon pursuant to **Section 1.1** of this **Part E** (the "**8% Liquidation Preference**") before any payment shall be made or any assets distributed to the holders of any 8% Junior Securities. After any such payment in full, the remaining assets of the Corporation available for distribution shall be distributed first to the holders of 8% Junior Securities that rank senior to the Common Stock on liquidation and then ratably to the holders of Common Stock and the holders of 8% Preferred Stock and any other holders of participating capital stock of the Corporation on a share for share basis provided, however, that if at any time after the date of issuance of a share of 8% Preferred Stock or of any other participating capital stock (such share of 8% Preferred Stock or other participating capital stock being referred to herein as a "**Participating Share**") there is a stock split of the Common Stock, then such Participating Share shall

participate in such distribution as if there was a stock split of such Participating Share equal to the stock split of the Common Stock (meaning that each share of Common Stock, 8% Preferred Stock and any other participating capital stock shall receive the same distribution per share after equitably adjusting the 8% Preferred Stock and all other participating classes of capital stock to give effect to any stock split of the Common Stock). The 8% Liquidation Preference, together with any distribution to which a holder of 8% Preferred Stock is entitled pursuant to the immediately preceding sentence, is referred to herein as the "**8% Liquidation Amount**." If upon any such liquidation, dissolution or winding up of the Corporation, the Corporation's assets available for distribution to its stockholders are insufficient to permit payment of the 8% Liquidation Amount to the holders of 8% Preferred Stock in full, then the entire assets available for distribution to holders of 8% Preferred Stock shall be distributed ratably among holders of 8% Preferred Stock based upon the 8% Liquidation Amount of the 8% Preferred Stock held by such holders.

2.2 Deemed Liquidations. A Fundamental Change or Change of Control shall not be a deemed liquidation, dissolution or winding up of the Corporation within the meaning of **Section 2.1** of this **Part E**.

2.3 Noncash Distributions. If any of the assets of the Corporation are to be distributed other than in cash pursuant to this **Section 2**, the value of such assets shall be determined by agreement of the Board and the Required Holders, provided that if they cannot so agree, then the Board shall promptly engage, at the Corporation's expense, an independent appraiser, which appraiser shall be reasonably acceptable to the Required Holders, to determine the value of the assets to be distributed to the holders of 8% Preferred Stock; except that the value of any security that is listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market shall be deemed to be its Market Price. The Corporation shall, upon receipt of the appraiser's valuation, if any, give prompt written notice to each holder of shares of 8% Preferred Stock of the appraiser's valuation.

2.4 Cancellation of Shares. Upon payment or distribution of all amounts to be paid to the holders of the 8% Preferred Stock under this **Section 2**, the shares of 8% Preferred Stock shall be deemed to be automatically canceled and the rights and preferences contained herein shall be null and void.

Section 3. Voting Rights. Except as otherwise required by applicable law or as set forth herein, the 8% Preferred Stock shall not have voting rights with respect to the affairs of the Corporation.

Section 4. Priority of 8% Preferred Stock; Subordination of 8% Junior Securities. So long as any 8% Preferred Stock remains outstanding, neither the Corporation nor any Subsidiary shall redeem, purchase or otherwise acquire directly or indirectly any 8% Junior Securities, if at the time of or immediately after any such redemption, purchase or acquisition, any share of 8% Preferred Stock shall be outstanding; provided that, notwithstanding the foregoing, the Corporation may purchase shares of Common Stock pursuant to the terms of any equity incentive plan (or similar agreement) of the

Corporation and its Subsidiaries or any employment (or employee related) agreement with the senior managers of the Corporation and its Subsidiaries (an "**Exempt Repurchase**"). So long as any shares of the 8% Preferred Stock are outstanding and except for Exempt Repurchases, the Board shall not declare, and the Corporation shall not pay or set apart for payment any dividend on any 8% Junior Securities or make any distribution in respect of the 8% Junior Securities, either directly or indirectly, and whether in cash, obligations or shares of the Corporation or other property unless prior to or concurrently with such declaration, payment or distribution, as the case may be, all accumulated and unpaid 8% Dividends on the shares of the 8% Preferred Stock not paid as provided in **Section 1** of this **Part E** shall have been paid. All payments or distributions upon or with respect to any 8% Junior Securities that are received by the holder thereof contrary to the provisions of this **Section 4** shall be (1) received in trust for the benefit of the holders of the 8% Preferred Stock, (2) segregated from other funds and property held by such holder of 8% Junior Securities, and (3) paid over to the holders of the 8% Preferred Stock in the same form as so received (with any necessary endorsement).

Section 5. Redemption of 8% Preferred Stock. The rights of redemption with respect to the 8% Preferred Stock are as follows:

5.1 Optional Redemption – Holder. At any time after April 23, 2008, a holder of 8% Preferred Stock may, by sending written notice (each, a "**Redemption Notice**") to the Corporation, require the Corporation to redeem all or any portion of the outstanding 8% Preferred Stock held by such holder for a price equal to the 8% Liquidation Amount of such 8% Preferred Stock, calculated as if the Corporation was to be liquidated as of the date of such redemption. Within ten (10) days of its receipt of any Redemption Notice, the Corporation shall give written notice to holders of the 8% Preferred Stock of such redemption. Upon receipt of any Redemption Notice, the Corporation shall be obligated to redeem for cash the aggregate number of shares of 8% Preferred Stock specified in the Redemption Notice and any Redemption Notice received by the Corporation within twenty (20) days of the first Redemption Notice ("**Total Redemption Shares**") within ninety (90) days after the Corporation's receipt of the applicable Redemption Notice; provided, however, that if the Corporation does not, in the reasonable discretion of the Board, have sufficient cash to redeem the Total Redemption Shares, the 8% Preferred Stock shall be redeemed pro rata based on the Total Redemption Shares; provided further, that prior to April 23, 2009, the Corporation shall not be required to redeem more than fifty percent (50%) of the 8% Preferred Stock from the initial holder thereof and any Person's transferees, in the aggregate.

5.2 Optional Redemption – Corporation. The Corporation, acting through the Board, may at any time redeem all or any portion of the 8% Preferred Stock then outstanding. On any such redemption, the Corporation shall pay a price per share of 8% Preferred Stock equal to the 8% Liquidation Amount, calculated as if the Corporation was to be liquidated as of the date of such redemption. Any redemptions made hereunder shall be made to each holder of 8% Preferred Stock pro rata based on the aggregate 8% Liquidation Amount of the 8% Preferred Stock held by each holder.

5.3 Cancellation of Redeemed Shares. All of the shares of 8% Preferred Stock redeemed as provided in this **Section 5** of this **Part E** shall be retired and canceled and shall not be reissued and the number of authorized shares of 8% Preferred Stock shall automatically be reduced by such number of redeemed shares.

5.4 Payment of Redemption Price. If the funds of the Corporation legally available therefor shall be insufficient to discharge any redemption required pursuant to this **Section 5** of this **Part E**, the maximum number of full shares of 8% Preferred Stock that can be redeemed with such funds shall be redeemed ratably among the holders of the 8% Preferred Stock in proportion to the aggregate redemption price to be paid to each holder and the extent such obligation is not met in full, such obligation shall continue to be discharged as promptly as funds legally available therefor become available until the obligation is discharged in full.

5.5 Notices. The Corporation will (a) give written notice if required by applicable law to all holders of 8% Preferred Stock prior to the date on which the Corporation closes its books or takes a record (i) with respect to any distribution upon Common Stock, or (ii) with respect to any pro rata subscription offer to holders of Common Stock and (b) give written notice if required by applicable law to the holders of 8% Preferred Stock prior to the date on which any Fundamental Change or Change of Control will take place.

Section 6. Reorganization, Reclassification, Consolidation, Merger or Sale. Any capital reorganization, reclassification, consolidation, merger or sale of all or substantially all of the Corporation's assets to another person or entity that is affected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an "**Organic Change**". Prior to the consummation of any Organic Change, the Corporation will make appropriate provisions (in form and substance satisfactory to the Required Holders) to insure that each of the holders of 8% Preferred Stock will thereafter have the right to acquire and receive such shares of stock, securities or assets as such holder would have received in connection with such Organic Change if such holder had converted each share of his 8% Preferred Stock immediately prior to such Organic Change into the number of shares of Class A Common Stock determined by dividing the 8% Liquidation Amount for such share of 8% Preferred Stock as of such date, calculated as if the Corporation was to be liquidated as of such date, by the Market Price of a share of Class A Common Stock as of such date. In any such case, the Corporation will make appropriate provisions (in form and substance satisfactory to the Required Holders) to insure that the provisions of this **Section 6** will thereafter be applicable to the 8% Preferred Stock. The Corporation will not effect any such Organic Change unless prior to the consummation thereof, the successor corporation (if other than the Corporation) resulting from such consolidation or merger or the corporation purchasing such assets assumes by written instrument (in form satisfactory to the Required Holders) the obligation to deliver to each holder of 8% Preferred Stock such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire and receive.

Section 7. Rights Upon a Qualified Public Offering.

7.1 Election by Required Holders. The Corporation shall provide written notice (a "**QPO Notice**") to the holders of 8% Preferred Stock at least twenty (20) days prior to the first filing of a registration statement in connection with a Qualified Public Offering. The Required Holders, on behalf of all holders of 8% Preferred Stock, shall have ten (10) days following receipt of the QPO Notice to notify the Corporation in writing that the holders of the 8% Preferred Stock shall either: (i) elect to convert all of the 8% Preferred Stock and have the Corporation redeem the accrued but unpaid 8% Dividends thereon pursuant to **Section 7.2** of this **Part E**; (ii) elect to convert all of the 8% Preferred Stock, including all accrued but unpaid 8% Dividends thereon, pursuant to **Section 7.3** of this **Part E** or (iii) elect to continue to hold all of the 8% Preferred Stock. If the Qualified Public Offering is not consummated within six (6) months of delivery of the QPO Notice, then any election hereunder shall be void and the Corporation shall be obligated to comply with this **Section 7.1** with respect to any subsequent Qualified Public Offering.

7.2 Conversion and Redemption. If this **Section 7.2** is elected by the Required Holders, immediately prior to the closing of a Qualified Public Offering each share of 8% Preferred Stock then issued and outstanding shall automatically be converted into the number of shares of Class A Common Stock determined by dividing the difference between the 8% Liquidation Amount on such share of 8% Preferred Stock, calculated as if the Corporation was to be liquidated as of the date of such conversion, and the accrued but unpaid 8% Dividends on such share, by the mid-range offering price of a share of common stock to be sold to the public in such Qualified Public Offering as estimated by the underwriters in good faith and approved by the Board at the time of filing of the registration statement in connection with such Qualified Public Offering. If elected, immediately prior to the closing of the Qualified Public Offering, the outstanding shares of 8% Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless certificates evidencing such shares of 8% Preferred Stock being converted are either delivered to the Corporation or any transfer agent or the holder notifies the Corporation or any transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith. Upon the conversion of the 8% Preferred Stock and the surrender by the holder of the 8% Preferred Stock of the certificates representing such shares duly endorsed (or the indemnity agreement referenced above) at the office of the Corporation or of any transfer agent for the Common Stock, there shall be issued and delivered to such holder, as soon as practicable thereafter at such office and in his name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Class A Common Stock into which the shares of the 8% Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred. Within twenty (20) business days following the consummation of the Qualified Public Offering, the Corporation shall pay to the former holder of each share of 8% Preferred Stock, in cash, any and all accrued but unpaid 8% Dividends on such share of 8% Preferred Stock as of the date of such conversion.

7.3 Conversion Only. If this **Section 7.3** is elected by the Required Holders, immediately prior to the closing of a Qualified Public Offering, each share of 8% Preferred Stock then issued and outstanding shall automatically be converted into the number of shares of Class A Common Stock determined by dividing the 8% Liquidation Amount for such share of 8% Preferred Stock as of such date, calculated as if the Corporation was to be liquidated as of such date, by the mid-range offering price of a share of common stock sold to the public in such Qualified Public Offering as estimated by the underwriters in good faith and approved by the Board at the time of filing of the registration statement in connection with the Qualified Public Offering. If elected, immediately prior to the closing of the Qualified Public Offering, the outstanding shares of 8% Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless certificates evidencing such shares of 8% Preferred Stock being converted are either delivered to the Corporation or any transfer agent or the holder notifies the Corporation or any transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith. Upon the conversion of the 8% Preferred Stock and the surrender by the holder of the 8% Preferred Stock of the certificates representing such shares duly endorsed (or the indemnity agreement referenced above) at the office of the Corporation or of any transfer agent for the Class A Common Stock, there shall be issued and delivered to such holder, as soon as practicable thereafter at such office and in his name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Class A Common Stock into which the shares of the 8% Preferred Stock surrendered were convertible as of the date of such conversion.

7.4 Fractional Interests. If any fractional interest in a share of Class A Common Stock would, except for the provisions of this **Section 7.4**, be deliverable upon any conversion pursuant to **Section 7.2** or **7.3** of this **Part E**, the Corporation, in lieu of delivering the fractional share therefore, will pay an amount to the holder thereof equal to the Market Price of such fractional interest as of the date of conversion.

7.5 Rounding. All calculations under this **Section 7** shall be made to the nearest cent or to the nearest one-tenth of a share, as the case may be.

7.6 Cancellation of Converted Shares. All of the shares of 8% Preferred Stock converted as provided herein shall be retired and canceled and shall not be reissued and the number of authorized shares of 8% Preferred Stock shall automatically be reduced by such number of converted shares.

7.7 Protection of Conversion Rights. The Corporation shall not amend this Third Amended and Restated Certificate of Incorporation or participate in any

reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed under this Third Amended and Restated Certificate of Incorporation by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Third Amended and Restated Certificate of Incorporation and will take all actions that may be necessary or appropriate in order to protect the rights of the holders of shares of 8% Preferred Stock to convert such shares against impairment.

Section 8. Cancellation of Class. At such time as all of the shares of 8% Preferred Stock have been redeemed as provided in **Section 5** of this **Part E** or converted as provided in **Section 7** of this **Part E**, the 8% Preferred Stock shall cease to exist as a separate class of capital stock.

Section 9. Amendment and Waiver. Notwithstanding anything to the contrary contained in this Third Amended and Restated Certificate of Incorporation, so long as any 8% Preferred Stock remains outstanding, no amendment, alteration, change, repeal or waiver of any provision of this Third Amended and Restated Certificate of Incorporation shall be effective without the prior approval of the Required Holders.

Section 10. Rank. The Corporation shall not, without first obtaining the prior written consent of the Required Holders, issue any new class of equity securities (or any securities convertible into or exchangeable for equity securities) that rank senior to or in parity with the 8% Preferred Stock with respect to liquidations or the payment of distributions.

Part F. Certain Definitions

In addition to the terms defined elsewhere, the following terms shall have the respective meanings set forth below:

"**Change of Control**" shall mean any sale, Transfer, issuance or redemption or series of sales, Transfers, issuances or redemptions (or any combination thereof) of shares of the Corporation's capital stock by the holders thereof or the Corporation that results in any person or entity or group of affiliated persons or entities (other than the owners of the Corporation's capital stock (on a fully diluted basis) as of immediately prior to any such transaction or series of transactions) owning more than 50% of the outstanding Common Stock in the Corporation.

"**Fundamental Change**" shall mean a reorganization, consolidation or merger in which the Corporation is a party (except any reorganization, consolidation or merger where, after giving effect thereto, the holders of the Corporation's outstanding capital stock (on a fully diluted basis) immediately prior to such reorganization, consolidation or merger will own immediately following such reorganization, consolidation or merger a majority of the outstanding voting equity securities of the Corporation (on a fully diluted basis), or a sale or other Transfer of all or substantially all of the assets of the Corporation and its Subsidiaries on a consolidated basis in any transaction or series of related transactions (other than sales in the ordinary course of business or Transfers of assets among the Corporation and its Subsidiaries).

"**Market Price**" of any security means the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed, or, if there has been no sale on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the closing prices quoted in the NASDAQ System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the NASDAQ System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 21 business days consisting of the day as of which "Market Price" is being determined and the 20 consecutive business days prior to such day. If at any time such security is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the "Market Price" will be the fair value thereof reasonably determined in good faith by the Board.

"**Person**" means a natural person, trust, estate, corporation (both non-profit and other corporation), partnership (both limited and general), joint venture, limited liability company, unincorporated association, sole proprietorship or other entity.

"**Qualified Public Offering**" shall mean the closing of a public offering pursuant to a registration statement declared effective under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock that is designated as a Qualified Public Offering by the Board with the approval of the Required Holders.

"**Required Holders**" means the holders at least 60% of the issued and outstanding shares of 8% Preferred Stock.

"**Subsidiary**" shall mean any person or entity of which securities or other ownership interests representing more than 50% of the ordinary voting power or equity interests of such person or entity are at the time owned or controlled, directly or indirectly, by the Corporation.

"**Transfer**" shall mean, as a noun, any voluntary or involuntary transfer, sale, assignment, pledge, encumbrance or other disposition, and as a verb, voluntarily or involuntarily to sell, assign, transfer, grant, give away, hypothecate, pledge, encumber or otherwise dispose of, and shall include any transfer by will, gift or intestate succession.

"**8% Junior Securities**" means each other class of capital stock, including the Common Stock, or series of Preferred Stock, that does not expressly provide that it ranks senior to or in parity with the 8% Preferred Stock.

Part G. Effect of Cancellation of Classes

Section 1. Cancellation of Class B Common Stock. Effective immediately following the automatic conversion and cancellation of the Class B Common Stock pursuant to

Section 4.4 of **Part C** of this **Article IV**, and without any further action on the part of the Corporation or any of its stockholders:

(a) **Clause (c)** of **Part A** of this **Article IV** shall be deleted in its entirety and the total authorized capital stock of the Corporation set forth in the first sentence of **Part A** of this **Article IV** shall be reduced by 6,486,715 shares to reflect the cancellation of the Class B Common Stock;

(b) the introductory sentence and **Sections 4** and **5** of **Part C** of this **Article IV** shall be deleted in their entirety and **Section 1** of **Part C** of this **Article IV** shall be deleted in its entirety and restated to read as follows:

"Section 1. Voting. On all matters on which holders of Common Stock are entitled to vote, each holder of shares of Common Stock shall be entitled to cast one (1) vote, in person or by proxy, for each share of Common Stock standing in his, her or its name on the transfer books of the Corporation."; and

(c) the Class A Voting Common Stock, or Class A Common Stock, shall be renamed "Common Stock" and all references in this Third Amended and Restated Certificate of Incorporation to "Class A Voting Common Stock" or "Class A Common Stock" shall be deemed to be references to "Common Stock."

Section 2. Cancellation of 8% Preferred Stock. Effective immediately following the cancellation of the 8% Preferred Stock pursuant to **Section 8** of **Part E** of this **Article IV**, and without any further action on the part of the Corporation or any of its stockholders:

(a) **Clause (d)** of **Part A** of this **Article IV** shall be deleted in its entirety and the total authorized capital stock of the Corporation set forth in the first sentence of **Part A** of this **Article IV** shall be reduced by 12,500 shares to reflect the cancellation of the 8% Preferred Stock; and

(b) **Part E** and **Part F** of this **Article IV** shall be deleted in their entirety.

Section 3. Restated Certificate. If the Board determines, the Corporation may file a restated certificate of incorporation pursuant to Section 245 of the GCL, without a vote of stockholders, which restates and integrates but does not further amend this Third Amended and Restated Certificate of Incorporation to reflect the effects of **Section 1** and **Section 2** of this **Part G** of this **Article IV** and to remove this **Part G** of this **Article IV**.

ARTICLE V
Board of Directors

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board.

(b) The Board shall consist of not less than five nor more than fifteen members, the exact number of which shall be fixed from time to time by the Board.

(c) The Board shall be divided into three classes, designated Class I, Class II and Class III. The initial division of the Board into classes shall be made by the decision of the affirmative vote of a majority of the entire Board. The term of the initial Class I directors shall terminate on the date of the 2005 annual meeting; the term of the initial Class II directors shall terminate on the date of the 2006 annual meeting; and the term of the initial Class III directors shall terminate on the date of the 2007 annual meeting or, in each case, upon such director's earlier death, resignation, retirement, disqualification or removal from office. At each succeeding annual meeting of stockholders beginning in 2005, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term and until their successors are duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office. If the number of directors is changed, any increase or decrease shall be apportioned among the classes, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

(d) Subject to the terms of any one or more classes or series of Preferred Stock, any vacancy on the Board that results from an increase in the number of directors may be filled by a majority of the Board then in office, provided that a quorum is present, and any other vacancy occurring on the Board may be filled by a majority of the Board then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any director or the entire Board may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of the issued and outstanding shares of capital stock of the Corporation entitled to vote in connection with the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Third Amended and Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this **Article V** unless expressly provided by such terms.

(e) In addition to the powers and authority hereinabove or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Third Amended and Restated Certificate of Incorporation, and any by-laws adopted by the stockholders; provided, however, that no by-laws hereafter adopted by the stockholders shall invalidate any prior act of the directors that would have been valid if such by-laws had not been adopted.

ARTICLE VI
Liability of Directors

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except as to liability to the extent such exemption from liability or limitation thereof is not permitted under the paragraph (7) of subsection (b) of Section 102 of the GCL, as the same exists or may hereafter be amended. If the GCL hereafter is amended to further eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended GCL. Any repeal or modification of this **Article VI** by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE VII
Creditor Arrangements

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under Section 291 of Title 8 of the GCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under Section 279 of Title 8 of the GCL order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on this Corporation.

ARTICLE VIII
Indemnification

The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by applicable law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board. The right to indemnification conferred by this **Article VIII** shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition upon receipt by the Corporation of an undertaking by or on behalf of the director or officer receiving advancement to repay the amount advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation under this **Article VIII**.

The Corporation may, to the extent authorized from time to time by the Board, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this **Article VIII** to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this **Article VIII** shall not be exclusive of any other right which any person may have or hereafter acquire under this Third Amended and Restated Certificate of Incorporation, the by-laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this **Article VIII** by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director, officer, employee or agent of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

ARTICLE IX
No Action By Written Consent

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is hereby specifically denied.

ARTICLE X
Location of Meetings of Stockholders and Books and Records

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the by-laws of the Corporation.

ARTICLE XI
Calling of Special Meetings of Stockholders

Unless otherwise required by law, special meetings of the stockholders, for any purpose or purposes, may be called by either (i) the Chairman of the Board, if there be one (ii) the President or (iii) the Board. The ability of the stockholders to call a special meeting of the stockholders is hereby specifically denied.

ARTICLE XII
Amendments of By-laws

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

ARTICLE XIII
Amendments

The Corporation reserves the right to amend, alter, change, repeal or waive any provision contained in this Third Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided, however, that notwithstanding anything contained in this Third Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds of the voting power of the issued and outstanding shares of capital stock of the Corporation entitled to vote in connection with the election of directors shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, **Articles V, VI, VIII, IX, XI and XII** of this Third Amended and Restated Certificate of Incorporation or this **Article XIII**.

Any repeal or modification of **Articles VI or VIII** of this Third Amended and Restated Certificate of Incorporation shall not adversely affect any rights under **Articles VI or VIII** of any individual referred to in **Articles VI or VIII** existing at the time of such repeal or modification with respect to acts or omissions of such individual occurring prior to such repeal or modification.

ARTICLE XIV
Business Combinations

The Corporation shall not be governed by the provisions of Section 203 of the General Corporation Law.

IN WITNESS WHEREOF, the Corporation has cause this Third Amended and Restated Certificate of Incorporation to be executed on its behalf this 12th day of October, 2004.

HURON CONSULTING GROUP INC.

/s/ Natalia Delgado

Name: Natalia Delgado
Title: General Counsel and Corporate Secretary

Exhibit 10.20

HURON CONSULTING GROUP INC.

REGISTRATION RIGHTS AGREEMENT

by and between

HCG Holdings LLC

and Huron Consulting Group Inc.

Dated as of October 12, 2004

HURON CONSULTING GROUP INC.
REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (as amended from time to time, this "Agreement"), dated as of October 12, 2004, by and between Huron Consulting Group Inc., a Delaware corporation (the "Company") and HCG Holdings LLC, a Delaware limited liability company (the "Stockholder").

W I T N E S S E T H:

WHEREAS, the parties hereto wish to enter into this Registration Rights Agreement to memorialize their agreement regarding registration rights with respect to the Company.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. The following terms when used in this Agreement shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Agreement" shall have the meaning provided in the Introduction.

"Commission" shall mean the Securities and Exchange Commission.

"Common Stock" shall mean the common stock, par value $.01 per share of the Company.

"Company" shall have the meaning provided in the Introduction.

"Demand Registration" shall have the meaning provided in Section 2.1.

"Effectiveness Period" shall have the meaning provided in Section 3.2(a).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Form S-3" shall have the meaning provided in Section 3.1.

"IPO" shall mean the initial public offering of Common Stock by the Company.

"Lock Up Period" shall have the meaning provided in Section 5.1.

"Person" shall mean any natural person, corporation, firm, limited liability company, partnership, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Registration" shall have the meaning provided in Section 4.1.

"Prospectus" shall mean the prospectus included in any registration statement, as amended or supplemented by any prospectus supplement with respect of the terms of the offering of any security of the Company covered by such registration statement and all other amendments or supplements to the prospectus, including post effective amendments, and all material incorporated, or deemed to be incorporated, by reference in such prospectus.

"Registrable Securities" shall mean (i) any shares of Common Stock of the Company owned by the Stockholder upon the IPO; and (ii) any equity securities of the Company issued or issuable with respect to the Common Stock referred to in clause (i) by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, reclassification, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when they 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). For purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities whenever the Person has the right to acquire, directly or indirectly, the Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not the acquisition has actually been effected.

"Registration" shall have the meaning provided in Section 2.1.

"Registration Expenses" shall have the meaning provided in Section 7.1.

"Resale Registration" shall have the meaning provided in Section 3.1.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Restricted Shares Agreement" shall mean that certain Restricted Shares Award Agreement, dated as of December 10, 2002, among the Company, Huron Consulting Group LLC, a Delaware limited liability company, the Stockholder and Gary E. Holdren.

"Suspension Period" shall have the meaning provided in Section 3.3.

"Underwriting Agreement" shall mean that certain Underwriting Agreement, dated October 12, 2004, by and among the Company, the Stockholder and UBS Securities LLC, Deutsche Bank Securities Inc. and William Blair & Company, L.L.C., as representatives of the several underwriters named therein.

ARTICLE II

DEMAND REGISTRATIONS

2.1 Requests for Registration. Subject to the terms and conditions hereof, at any time after the expiration of the lock-up period set forth in Section 6(e) of the Underwriting Agreement (or earlier if waived) and until the Stockholder ceases to own 10% of the Company's issued and outstanding common stock, if the Stockholder requests in writing registration under the Securities Act of any of its Registrable Securities (a "Registration"), which request specifies the approximate number of Registrable Securities requested to be registered, then within ten days after receipt of any such request, the Company shall give written notice of such requested Registration to all other holders of Registrable Securities and shall include in the Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 15 days after the date of mailing of the Company's notice. The Registration requested pursuant to this Section 2.1 is referred to herein as a "Demand Registration".

2.2 Registration. The Stockholder, together with any transferee of the Stockholder, shall be entitled to not more than six Demand Registrations, in the aggregate. Subject to the limitations set forth in this Section 2.2 and in Section 2.4, no more than one Demand Registration may be requested in any six-month period. The Company shall pay all Registration Expenses in connection with each Demand Registration. No request for a Demand Registration shall be permitted unless the Registrable Securities sought to be included in such Demand Registration have an expected market value of at least $20 million. A Registration shall not count as a Demand Registration until it has become effective, and any Registration shall not count as a Demand Registration unless the initiating holder or holders of Registrable Securities are able to register and sell at least 70% of the Registrable Securities requested to be included in such Registration.

2.3 Priority on Demand Registrations. The Company shall not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of the Stockholder. If a Demand Registration is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering, exceeds the number of Registrable Securities and other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the Stockholder, the Company shall include in the Registration, prior to the inclusion of any securities which are not Registrable Securities, the number of Registrable Securities requested to be included which, in the opinion of the underwriters, can be sold in an orderly manner within the price range of the offering, pro rata (or as may have been agreed among the holders of Registrable Securities) among the respective holders thereof on the basis of the amount of Registrable Securities requested

to be registered by each such holder; provided that if the number of Registrable Securities to be included in the registration is less than 85% of the number requested to be so included, the holders of Registrable Securities covered by such Demand Registration shall be entitled to withdraw such request, upon the affirmative vote of holders holding 66% of such Registrable Securities, and, if such request is withdrawn, the Demand Registration shall not count as a permitted Demand Registration hereunder, and the Company shall pay all Registration Expenses in connection with the withdrawn Registration. Any Persons (other than holders of Registrable Securities) who participate in Demand Registrations which are not at the Company's expense must pay their share of the Registration Expenses as provided in Article VII.

2.4 Restrictions on Registrations. The Company shall not be obligated to effect any Demand Registration within six months after the effective date of a Registration demanded by the holders of registration rights under a Registration in which the holders of Registrable Securities were given piggyback rights pursuant to Article IV and in which there was no reduction in the number of Registrable Securities requested to be included. Notwithstanding anything in this Article II to the contrary, if any request for a Demand Registration is delivered at a time when the Company has determined or is currently planning (and has discussed with its Board of Directors its plan) to file a registration statement with respect to an underwritten primary Registration of the Company's common stock on behalf of the Company (so long as a registration statement is filed with respect thereto within one month of such request for the Demand Registration), the Company may require the holders of the Registrable Securities requesting such Demand Registration to postpone such request until the expiration of the 90-day period following the effective date of such Registration. The Company may, not more than twice in any 12-month period, postpone for up to 90 days the filing or the effectiveness of a registration statement for a Demand Registration if the Board of Directors of the Company determines in good faith that it is reasonably foreseeable that the Demand Registration or disclosure of information required by or related to the Demand Registration could materially and adversely impact the Company; provided, that in such event, the holders of Registrable Securities covered by the Demand Registration shall be entitled, upon the affirmative vote of holders holding 66% of such Registrable Securities, to withdraw such request and, if such request is withdrawn, the Demand Registration shall not count as a permitted Demand Registration hereunder, and the Company shall pay all Registration Expenses in connection with the withdrawn Registration; provided further, that upon the election of the Company and upon notice to the Stockholder, one such postponement or suspension may be extended to not more than 120 days at the sole discretion of the Company.

2.5 Selection of Underwriters. In connection with a Demand Registration, the Stockholder shall have the right to select the investment banker(s) and manager(s) to administer the offering; provided, however, that such selection shall be subject to the consent of the Company, which consent shall not be unreasonably withheld or delayed.

ARTICLE III

RESALE REGISTRATIONS

3.1 Requests for Registration. Subject to Section 3.3, and further subject to the availability of a registration statement on Form S-3 ("Form S-3") to the Company, the Company shall, upon the written request from the Stockholder, agree to register some or all of the Stockholder's Registrable Securities, file with the Commission a registration statement on Form S-3 providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act relating to the offer and sale of the Registrable Securities by the Stockholder and, thereafter, shall use its reasonable best efforts to cause such registration statement to be declared effective under the Securities Act as soon as reasonably practicable after the filing thereof. Within ten days after receipt of any such request, the Company shall give written notice of such requested Registration to all other holders of Registrable Securities and shall include in such Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 15 days after the receipt of the Company's notice; provided, however, that no holder of Registrable Securities shall be entitled to have the Registrable Securities held by it covered by such registration statement unless such holder has made a written request, which request specifies the approximate number of Registrable Securities requested to be registered. The Registration requested pursuant to this Section 3.1 is referred to herein as a "Resale Registration". Each holder of Registrable Securities shall be entitled to an unlimited number of Resale Registrations so long as it is an affiliate (as such term is used in the Securities Act) of the Company; provided, that the Company shall not be required to effect more than two Resale Registrations within any twelve-month period; provided, further, that the Company agrees to deregister any Registrable Securities included in a Resale Registration if so requested by any holder of such Registrable Securities.

3.2 Period of Effectiveness. Subject to Section 3.3, the Company shall use its reasonable best efforts:

(a) to keep a registration statement for the Resale Registration continuously effective in order to permit the Prospectus forming part thereof to be usable by the holders of Registrable Securities covered thereby for a period of two years after the Resale Registration is declared effective or such shorter period that will terminate when there are no Registrable Securities outstanding (in either case, such period being referred to herein as the "Effectiveness Period"); and

(b) after the registration statement for the Resale Registration has become effective, promptly upon the request of the Stockholder or a transferee of the Stockholder, if all of such holder's Registrable Securities are not covered thereby, to take any action reasonably necessary to enable such holder to use the Prospectus forming a part thereof for offers and resales of Registrable Securities, including, without limitation, any action reasonably necessary to identify such holder as a selling securityholder in the Resale Registration.

3.3 Temporary Suspensions of a Resale Registration. Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time by providing written notice to the holders, to require the holders to suspend the use of the Prospectus for sales of Registrable Securities under the Resale Registration for a reasonable period of time not to exceed 90 days and not more than twice in any twelve-month period (a "Suspension Period") if the Board of Directors of the Company determines in good faith that it is reasonably foreseeable that the disclosure of information required by or related to the Resale Registration could materially and adversely impact the Company; provided that upon the election of the Company and upon notice to the Stockholder, one such postponement or suspension may be extended to not more than 120 days at the sole discretion of the Company. Immediately upon receipt of such notice, the holders of Registrable Securities covered by the Resale Registration shall suspend the use of the Prospectus until requisite changes to the Prospectus have been made as required below. Any Suspension Period shall terminate at such time as the public disclosure of such information. After the expiration of any Suspension Period and without any further request from the holders of Registrable Securities, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the registration statement for the Resale Registration or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.4 Resale Registration Expenses. The Company shall pay all Registration Expenses of the holders of Registrable Securities in connection with all Resale Registrations.

ARTICLE IV

PIGGYBACK REGISTRATIONS

4.1 Right to Piggyback. Subject to the terms and conditions hereof, whenever the Company proposes to register (including for this purpose a Registration effected by the Company for shareholders other than holders of Registrable Securities) any of its securities under the Securities Act (other than (i) a Registration under Articles II and III hereof, (ii) a Registration of securities solely relating to an offering and sale pursuant to any employee stock plan or other employee benefit plan arrangement, including any registration on Form S-8 (or any successor form thereto) or (iii) a Registration of securities issued solely in an acquisition or business combination including any Registration on Form S-4 (or any successor form thereto)) (a "Piggyback Registration"), the Company shall give at least 20 days' written notice to all holders of Registrable Securities of the Company's intention to effect such a Registration and shall include in the Registration, subject to any agreement among the holders of Registrable Securities, all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 15 days after the receipt of the Company's notice.

4.2 Piggyback Expenses. The Registration Expenses of the holders of Registrable Securities shall be paid by the Company in all Piggyback Registrations.

4.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary Registration on behalf of the Company and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such Registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company, the Company shall include in such Registration (i) first, the securities the Company proposes to sell, (ii) second, the Registrable Securities requested to be included in the Registration and any securities requested to be included in the Registration pursuant to the registration rights previously granted pursuant to the Restricted Shares Agreement, pro rata among the holders of such Registrable Securities and the holder under the Restricted Share Agreement on the basis of the number of shares proposed to be registered by each, (iii) third, securities requested to be included in the Registration pursuant to registration rights granted by the Company after the date hereof, pro rata among the holders of such other securities on the basis of the number of shares requested to be registered by each such holder, and (iii) fourth, such other securities requested to be included in the Registration.

4.4 Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary Registration on behalf of holders of the Company's securities and the managing underwriters advise the Company in writing that, in their opinion, the number of securities requested to be included in the Registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting the Registration, the Company shall include in such Registration (i) first, the Registrable Securities requested to be included in the Registration, (ii) second, the securities requested to be included therein by the holders requesting such Registration, (iii) third, any securities requested to be included in the Registration pursuant to the registration rights previously granted pursuant to the Restricted Shares Agreement and any securities requested to be included in the Registration pursuant to registration rights granted by the Company after the date hereof, pro rata among the holder under the Restricted Share Agreement and the holders of such other securities on the basis of the number of shares requested to be registered by each such holder, and (iv) fourth, other securities requested to be included in such Registration.

4.5 Selection of Underwriters. If any Piggyback Registration is an underwritten offering, the Company shall select the investment banker(s) and manager(s) to administer the offering.

4.6 Other Registrations. Unless otherwise agreed to by Stockholder, if the Company has previously filed a registration statement with respect to Registrable Securities pursuant to Article II or pursuant to this Article IV, and if such previous Registration has not been withdrawn or abandoned, the Company shall not file or cause to be effected any other Registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities (except on Form S-4 or Form S-8 or any successor or similar forms or any registration statement covering

only securities proposed to be issued in exchange for securities or assets of another corporation), whether on its own behalf or at the request of any holder or holders of such securities, until a period of at least six months has elapsed from the effective date of the previous Registration.

ARTICLE V

LOCK UP AGREEMENTS

5.1 In General. Each holder of Registrable Securities agrees not to effect any public sale or distribution (including sales pursuant to Rule 144) of equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such securities, during a period of up to 90 days (as may be requested by the Company and the managing underwriters) following any underwritten, registered public offering of Company common stock (such period being the "Lockup Period"), beginning on the effective date of such underwritten, registered offering (except for sales of such securities as part of such underwritten, registered offering), unless the managing underwriters otherwise agree. The foregoing provisions of this Section 5.1 shall not apply unless all directors and executive officers of the Company enter into substantially similar arrangements.

5.2 Effect on Company. The Company agrees (i) not to effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the period of up to 90 days, as required by the managing underwriters, beginning on the effective date of any underwritten Registration (except as part of such underwritten Registration or pursuant to Registrations on Form S-4 or Form S-8 or any successor or similar forms or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation), unless the managing underwriters otherwise agree, and (ii) if requested by the managing underwriters, to use reasonable efforts to cause each director and executive officer to agree not to effect any public sale or distribution (including sales pursuant to Rule 144) of any such securities during such period (except as part of such underwritten registration, if otherwise permitted), unless the managing underwriters otherwise agree.

ARTICLE VI

REGISTRATION PROCEDURES

6.1 Registration Procedures. Whenever the holders of Registrable Securities have requested that any Registrable Securities be registered pursuant to this Agreement, the Company shall use its best efforts to effect the Registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) Prepare and, in the case of a Demand Registration or Resale Registration, no later than 45 days after a request for a Demand Registration or Resale

Registration, file with the Commission a registration statement with respect to such Registrable Securities and use its best efforts to cause the registration statement to become effective and remain effective until the earlier of (i) the date when all Registrable Securities covered by the registration statement have been sold, or (ii) other than in the case of a Resale Registration, 180 days from the effective date of the registration statement; provided, that before filing a registration statement or Prospectus or any amendments or supplements thereto, the Company shall furnish to the counsel selected by the Stockholder copies of all such documents proposed to be filed, to the extent specifically requested by such counsel, including documents that are to be incorporated by reference into the registration statement, amendment or supplement, which documents shall be subject to the review of such counsel, and which proposed registration statement or amendment or supplement thereto shall not be filed by the Company if the Stockholder reasonably objects to such filing; and provided further, that the period for the preparation and filing of a Demand Registration or Resale Registration shall be 90 days if a request for a Demand Registration or Resale Registration is made in the first 45 days of any year, and the Company cannot file such Demand Registration or Resale Registration without audited financial statements for the prior calendar year under the rules of the Commission;

(b) Prepare and file with the Commission such amendments and supplements to the registration statement and the Prospectus used in connection therewith as may be necessary to keep the registration statement effective for the period referred to in Section 6.1(a) or Section 3.2, as applicable, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the registration statement during such period in accordance with the intended methods of disposition by the sellers thereof as set forth in the registration statement;

(c) Furnish to each seller of Registrable Securities such number of copies of the registration statement, each amendment and supplement thereto, the Prospectus included in the registration statement (including each preliminary prospectus) and such other documents as such holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such holder;

(d) Use commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any holder thereof reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such holder; provided, however, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdiction;

(e) Notify each holder of such Registrable Securities, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of any such holder, the Company shall prepare a supplement or amendment to the Prospectus so that,

as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(f) Promptly notify the holders of such Registrable Securities and the underwriters, if any, of the following events and (if requested by any such Persons) confirm such notification in writing: (i) the filing of the Prospectus or any prospectus supplement and the registration statement and any amendment or post-effective amendment thereto and, with respect to the registration statement or any post-effective amendment thereto, the declaration of the effectiveness of such document; (ii) any written comments by the Commission or any requests by the Commission for amendments or supplements to the registration statement or the Prospectus or for additional information; (iii) the issuance or threat of issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; and (iv) the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threat of initiation of any proceeding for such purpose;

(g) Cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if not so listed, to be listed on the NASD automated quotation system and, if listed on the NASD automated quotation system, use its best efforts to secure designation of all such Registrable Securities covered by the registration statement as a NASDAQ “national market system security” within the meaning of Rule 11Aa2-1 of the Commission or, failing that, to secure NASDAQ authorization for such Registrable Securities and, without limiting the generality of the foregoing, to arrange for at least two market makers to register as such with respect to such Registrable Securities with the NASD;

(h) Provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(i) Enter into such customary agreements (including, without limitation, underwriting agreements in customary form) and take all such other actions as the Stockholder or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(j) Make available for inspection by the Stockholder, any underwriter participating in any disposition pursuant to the registration statement and any attorney, accountant or other agent retained by the Stockholder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company’s officers, directors, employees and independent accountants to supply all information reasonably requested by the Stockholder, underwriter, attorney, accountant or agent in connection with the registration statement;

(k) Otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months

beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 1l(a) of the Securities Act and Rule 158 thereunder;

(l) Make every reasonable effort to prevent the entry of any order suspending the effectiveness of the registration statement and, in the event of the issuance of any such stop order, or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any security included in such registration statement for sale in any jurisdiction, the Company shall use its best efforts promptly to obtain the withdrawal of such order;

(m) Use its best efforts to cause such Registrable Securities covered by the registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the holders thereof to consummate the disposition of such Registrable Securities;

(n) Cooperate with the selling holders of Registrable Securities and the underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends, and enable such Registrable Securities to be in such lots and registered in such names as the underwriters may request at least two business days prior to any delivery of Registrable Securities to the underwriters;

(o) Make available, on a reasonable basis, senior management personnel of the Company to participate in, and cause them to cooperate with the selling holders of Registrable Securities or the managing underwriter in any underwritten offering in connection with "road show" and other customary marketing activities, including "one on one" meetings with prospective purchasers of the Registrable Securities to be sold in the underwritten offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto, in each case to the same extent as if the Company were engaged in a primary registered offering of its capital stock;

(p) Provide a CUSIP number for all Registrable Securities not later than the effective date of the registration statement; and

(q) In connection with an underwritten offering, (i) make such representations and warranties to the selling holders of such Registrable Securities and the underwriters with respect to the Registrable Securities and the registration statement as are customarily made by issuers to underwriters in primary underwritten offerings, (ii) obtain opinions of counsel to the Company and updates thereof (which counsel and which opinions shall be reasonably satisfactory to the underwriters and to the Stockholders) addressed to each selling holder and the underwriters covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by the Stockholders and underwriters or their counsel, (iii) obtain "cold comfort" letters and updates thereof from the Company's independent certified public accountants addressed to the selling holders of Registrable

Securities and the underwriters, such letters to be in customary form and cover matters of the type customarily covered in "cold comfort" letters by underwriters in connection with primary underwritten offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the Stockholder and by the underwriters to evidence compliance with clause (i) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

ARTICLE VII

REGISTRATION EXPENSES

7.1 In General. All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation, all Registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities) and other Persons retained by the Company (all such expenses being herein called "Registration Expenses"), shall be borne by the Company, and the Company shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or on the NASD automated quotation system.

7.2 Reimbursement by the Company. In connection with each Registration, the Company shall reimburse the holders of Registrable Securities covered by such Registration for the reasonable fees and disbursements of one counsel chosen by the holders of a majority of the Registrable Securities covered by such Registration.

7.3 Obligations of the Holders of Securities. To the extent Registration Expenses are not required to be paid by the Company, each holder of securities included in any Registration hereunder shall pay those Registration Expenses allocable to the registration of such holder's securities so included, and any Registration Expenses not so allocable shall be borne by all sellers of securities included in the Registration in proportion to the aggregate selling price of the securities to be so registered.

ARTICLE VIII

INDEMNIFICATION

8.1 In General. In connection with any registration pursuant hereto, the Company agrees to indemnify, to the fullest extent permitted by law, each holder of Registrable Securities, its affiliates and their respective officers, directors, employees and agents, as the case may be, and each Person who controls the holder (within the meaning

of the Securities Act), against all losses, claims, damages, liabilities and expenses caused by 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 necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such holder expressly for use therein as provided in Section 8.2 below. In connection with an underwritten offering, the Company shall indemnify the underwriters, their officers, directors and partners, as the case may be, and each Person who controls the underwriters (within the meaning of the Securities Act), to the same extent as provided above with respect to the indemnification of the holders of Registrable Securities.

8.2 Information from the Holders. In connection with any registration statement in which a holder of Registrable Securities is participating pursuant to this Agreement, each holder shall furnish to the Company in writing information regarding such holder, the Registrable Securities and the intended distribution thereof for use in connection with any such registration statement or Prospectus and as shall be reasonably required in connection with any Registration, qualification or compliance required in connection with this Agreement and, to the fullest extent permitted by law, shall indemnify the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses resulting from 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 contained in any information or affidavit furnished in writing by the holder specifically stating that it has been provided for inclusion in the registration statement and not corrected in a subsequent writing prior to the sale of the Registrable Securities; provided, that the obligation to indemnify shall be individual to each holder and shall be limited to the net amount of proceeds received by the holder from the sale of Registrable Securities pursuant to the registration statement.

8.3 Notice of Claim. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in the indemnified party's reasonable judgment a conflict of interest between the indemnified and the indemnifying parties may exist with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by the indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between the indemnified party and any other of such indemnified parties with respect to such claim.

8.4 Survival of Indemnification. The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of securities.

8.5 Contribution. The Stockholder and the Company agree that if, for any reason, the indemnification provisions contemplated by Section 8.1 are unavailable to or are insufficient to hold harmless any indemnified party in respect of all expenses, claims, losses, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of all such expenses, claims, losses, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of, and benefits derived by, the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 8.5 were determined (i) by pro rata allocation (even if the Stockholder or any agents for, or underwriters of, the Registrable Securities, or all of them, were treated as one entity for such purpose); or (ii) by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8.5. The amount paid or payable by an indemnified party as a result of the expenses, claims, losses, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include (subject to any limitations set forth thereon) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. 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 guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the obligation for contribution hereunder shall be individual to each holder and shall be limited to the net amount of proceeds received by the holder from such sale of Registrable Securities pursuant to the registration statement.

ARTICLE IX

PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

9.1 Participation in Underwritten Registrations. No Person may participate in any Registration hereunder which is underwritten unless the Person (a) agrees to accept the terms of the underwriting agreement as agreed upon by the Company and the underwriters selected in accordance with this Agreement, and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided, however, that this Article IX will not require any holder of Registrable

Securities to agree to any lock up agreement or market standoff agreement other than those permitted by Section 5.1 hereof and that no holder of Registrable Securities included in any underwritten registration shall be required to (i) make any representations or warranties to the Company or the underwriters other than representations and warranties regarding the holder and the holder's intended method of distribution or (ii) provide any indemnification other than as provided in Section 8.2.

ARTICLE X

REPORTS UNDER THE SECURITIES LAWS

10.1 Reports Under the Securities Laws. With a view to making available to the holders of Registrable Securities the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit the holder to sell securities of the Company to the public without Registration, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144, at all times subsequent to 90 days after the effective date of any registration statement covering an underwritten public offering filed under the Securities Act by the Company;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it is subject to such reporting requirements; and

(c) Furnish to any holder so long as the holder owns any of the Registrable Securities forthwith upon request a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after 90 days after the effective date of the registration statement filed by the Company), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested by any holder in availing itself of any rule or regulation of the Commission permitting the selling of any the securities without Registration.

ARTICLE XI

CERTAIN LIMITATIONS IN CONNECTION WITH FUTURE GRANTS OF REGISTRATION RIGHTS

11.1 Certain Limitations in Connection with Future Grants of Registration Rights. From and after the date of this Agreement and until the six Demand Registrations provided for in Article II have been completed, together with any transferee of the Stockholder, has exercised, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company providing for the granting to the holder of registration rights which:

(a) grants any registration rights to any Person that are superior in any respect to those granted thereunder;

(b) is otherwise inconsistent with the rights granted to the holders of Registrable Securities in this Agreement; and

(c) does not provide that the Stockholder has priority over such new holders of securities of the Company in any subsequent registration statement.

ARTICLE XII

TRANSFER OF REGISTRATION RIGHTS

12.1 Transfer of Registration Rights. Provided that the Company is given prompt written notice by the holder of Registrable Securities of any transfer of Registrable Securities by such holder stating the name and address of the transferee of such Registrable Securities and identifying the securities with respect to which the rights under this Agreement are being assigned and such transferee agrees in writing to be bound by the terms and conditions of this Agreement, the rights of the holder of Registrable Securities under this Agreement may be transferred in whole or in part at any time to any such transferee, so long as such transfer of securities is in accordance with all applicable state and federal securities laws and regulations. The Company shall be responsible for the Registration Expenses of any transferee or assignee pursuant to this Section 12.1 to the same extent as the original transferor.

ARTICLE XIII

INFORMATION BY HOLDERS OF REGISTRABLE SECURITIES

13.1 Reporting of Sales. Each holder of Registrable Securities shall report to the Company sales made pursuant to any Registration of such Registrable Securities.

ARTICLE XIV

MISCELLANEOUS

14.1 Notices. Any notice, demand, offer, or other instrument required or permitted to be given pursuant to this Agreement shall be in writing signed by the party giving such notice and shall, to the extent reasonably practicable, be sent by telecopy (with confirmation of receipt), and if not reasonably practicable to send by telecopy, then by hand delivery, overnight courier, telegram or certified mail (return receipt requested), to the other parties at the addresses set forth below or, if that address is not listed below, at the address contained in the member records of the Company:

If to the Company:

Huron Consulting Group Inc.
550 West Van Buren Street
Chicago, Illinois 60607
Attention: General Counsel
Facsimile: (312) 880-3250

If to the Stockholder:

HCG Holdings LLC
c/o Lake Capital Management LLC
676 North Michigan Avenue
Suite 3900
Chicago, Illinois 60611
Attention: Paul Yovovich
Facsimile: (312) 640 7065

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Chicago, Illinois 60006
Attention: Kimberly A. deBeers
Facsimile: (312) 407-0411

Each party may change the place to which notice shall be sent or delivered or specify one additional address to which copies of notices may be sent, in either case by similar notice sent or delivered in like manner to the other parties. Without limiting any other means by which a party may be able to prove that a notice has been received by the other party, a notice shall be deemed to be duly received: (a) if sent by hand, overnight courier or telegram, the date when duly delivered at the address of the recipient; (b) if sent by certified mail, the date of the return receipt; or (c) if sent by telecopy, upon receipt by the sender of an acknowledgment or transmission report generated by the machine from which the telecopy was sent indicating that the telecopy was sent in its entirety to the recipient's telecopy number.

14.2 Captions. Titles or captions of Sections or Articles contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

14.3 Amendment. This Agreement may not be amended, modified or waived except by an instrument in writing signed by the Company and the parties hereto.

14.4 Waiver. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or as a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

14.5 Survival. The several indemnities, agreements, representations, warranties and each other provision set forth in this Agreement and made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any party, any director or officer of such party, or any controlling person of any of the foregoing, and shall survive the transfer of any Registrable Securities, and the indemnification and contribution provisions set forth in Article VIII shall survive termination of this Agreement.

14.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

14.7 Entire Agreement; Assignment. This Agreement and any agreement, document or schedule attached hereto or thereto or referred to herein or therein, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, of the parties with respect to the subject matter hereof. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent written modification signed by the party to be charged. The registration rights of any holder under this Agreement with respect to any Registrable Securities may be transferred and assigned in accordance with this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

14.8 Severability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in full force and effect, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon any such determination that any provision of this Agreement is invalid or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

14.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties hereto agrees that process may be served upon them in any manner authorized by the laws of the State of Delaware for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction and such process.

14.10 Specific Performance. The parties hereto agree that irreparable damage may occur in the event that any of the provisions of this Agreement are not

performed in accordance with their specific terms or are otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the United States District Court for the Northern District of Illinois or the courts of the State of Illinois, in Cook County, this being in addition to any other remedy to which they are entitled at law or in equity.

14.11 Consent to Jurisdiction. Without limiting the provisions of Article VIII hereof, the parties agree that any legal proceeding by or against any party or with respect to or arising out of this Agreement may be brought in or removed to the United States District Court for the Northern District of Illinois or the courts of the State of Illinois, in Cook County, as the party or parties instituting such legal action or proceeding may elect. By execution and delivery of this Agreement, each party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and to the appellate courts therefrom. The parties irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified airmail, postage prepaid, to such parties at the addresses specified in Section 14.1.

Any such service of process shall be effective five (5) Business Days after mailing, or, if hand delivered, upon delivery. Nothing herein shall affect the right to serve process in any other manner permitted by applicable law. The parties hereby waive any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing courts on the basis of (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, or that it or any of its property is immune from the above-described legal process, (b) that such action or proceeding is brought in an inconvenient forum, that venue for the action or proceeding is improper or that this Agreement may not be enforced in or by such courts, or (c) any other defense that would hinder or delay the levy, execution or collection of any amount to which any party is entitled pursuant to any final judgment of any court having jurisdiction.

14.12 IPO Expenses. In connection with the IPO contemplated by the Underwriting Agreement, the Company agrees to pay all of the offering expenses, including the expenses of the Stockholder, other than underwriting discounts and commissions and transfer taxes with respect to the shares being sold by the Stockholder.

[Signature Page Follows]

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Registration Rights Agreement as of the date first written above.

HURON CONSULTING GROUP INC.

By: _____

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

HCG HOLDINGS LLC

By: _____

Name: Paul G. Yovovich
Title: Authorized Person

Exhibit 10.21

October 12, 2004

Lake Capital Partners LP
676 North Michigan Avenue
Suite 3900
Chicago, Illinois 60601

Ladies and Gentlemen:

This letter will confirm our agreement that pursuant to the purchase and continued holding by Lake Capital Partners LP (the "Investor") of membership interests in HCG Holdings LLC (the "Company") and the anticipated public offering of stock of Huron Consulting Group Inc. (the "Operating Subsidiary") that will result in a reduction of the percentage ownership of the Operating Subsidiary by the Company, the Investor will be entitled to the following contractual management rights for so long as the Investor owns membership interests in the Company and thereafter if Investor owns stock in the Operating Subsidiary:

1. The Operating Subsidiary shall deliver to the Investor:

(a) As soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Operating Subsidiary, an income statement for such fiscal year, a balance sheet end of each fiscal year of the Operating Subsidiary, an income statement for such fiscal year, a balance sheet of the Operating Subsidiary and statement of stockholder's equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants of nationally recognized standing selected by the Operating Subsidiary;

(b) As soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Operating Subsidiary, an unaudited profit or loss statement, statement of cash flows for such fiscal quarter, an unaudited balance sheet and a statement of stockholder's equity as of the end of such fiscal quarter;

(c) to the extent the Operating Subsidiary is required pursuant to law or pursuant to the terms of any outstanding indebtedness of the Operating Subsidiary to prepare such reports, then, in lieu of the items listed in (a) or (b), any annual reports, quarterly reports and other periodic reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 actually prepared by the Operating Subsidiary as soon as available.

(d) Such other information relating to the financial condition, business, prospects or corporate affairs of the Operating Subsidiary as the Investor may from time to time request, provided, however, that the Operating Subsidiary shall not be obligated under this subsection (d) to provide information which it deems in good faith to be a trade secret or similar confidential information.

2. The Investor shall be entitled to consult with and advise management of the Operating Subsidiary on significant business issues, including management's proposed annual operating plans, and management will meet with the Investor regularly during each year at the Operating Subsidiary's facilities at mutually agreeable times for such consultations and advice and to review progress in achieving said plans.

3. The Investor may examine the books and records of the Operating Subsidiary and inspect its facilities and may request information at reasonable times and intervals concerning the general status of the Operating Subsidiary's financial condition and operations, provided that access to highly confidential proprietary information and facilities need not be provided unless the Investor first agrees to execute a proprietary information and non-disclosure agreement in a form acceptable to the Operating Subsidiary.

4. The Operating Subsidiary shall give a representative of the Investor copies of all notices, minutes, consents and other material that the Operating Subsidiary provides to its Directors, except that the Investor may be excluded from access to any material or meeting or portion thereof if the Operating Subsidiary believes, upon advice of counsel, that such exclusion is reasonably necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information, or for other similar reasons. Upon reasonable notice and at a scheduled meeting of the Board of Directors or such other time, if any, as such Board of Directors may determine in its sole discretion, such representative may address the Board of Directors with respect to the Investor's concerns regarding significant business issues facing the Operating Subsidiary.

The Investor agrees, and any representative of the Investor will agree, to hold in confidence and trust and not use or disclose any confidential information provided to or learned by it in connection with its rights under this letter.

Very truly yours,

HURON CONSULTING GROUP INC.

_____

By: Gary E. Holdren
Its: President and Chief Executive Officer

Agreed and accepted this 12th day of
October, 2004

LAKE CAPITAL PARTNERS LP

By: Lake Capital Investment Partners LP

Its: General Partner

By: Lake Partners LLC

Its: General Partner

_____

By: _____

Its: _____

Exhibit 10.22

SENIOR MANAGEMENT AGREEMENT

BY AND BETWEEN

HURON CONSULTING GROUP LLC

AND

GARY BURGE

TABLE OF CONTENTS

SENIOR MANAGEMENT AGREEMENT

SENIOR MANAGEMENT AGREEMENT (the "**Agreement**"), effective as of November 25, 2002 (the "**Effective Date**"), by and between Huron Consulting Group LLC, a Delaware limited liability company (the "**Company**"), and Gary Burge (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 Group Managing Director, Chief Financial Officer for the Employment Period, in accordance with the terms and conditions of this Agreement. During the Employment Period, Executive shall have such responsibilities, duties and authorities as are customarily assigned to such position and shall render such services or act in such capacity for the Company and its affiliates, as the Company's Chief Executive Officer (the "**Chief Executive Officer**") shall from time to time direct. 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 acknowledges that his duties and responsibilities hereunder will require his full business time and effort and agrees that, during the Employment Period, he 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 duties hereunder. Executive shall engage in travel as reasonably required in the performance of Executive's duties.

1.2 Employment Period. The employment of Executive under this Agreement shall begin on the Effective Date and shall continue through the first anniversary of the Effective Date (the "**Initial Period**"). Commencing on the first anniversary of the Effective Date and on each anniversary thereafter, 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. "**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 1.3, 1.4** and **1.5**.

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

1.4 Termination by the Company.

(a) The Company may terminate Executive's employment hereunder upon written notice to Executive (i) due to the Permanent Disability of Executive, (ii) for 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 10.6**.

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

(i) the failure of Executive to perform his material duties which failure continues for ten (10) days after the Company has given written notice to Executive specifying in reasonable detail the manner in which Executive has failed to perform such duties;

(ii) commission by Executive of an act or omission constituting (x) a felony, (y) dishonesty with respect to the Company or (z) fraud;

(iii) commission by Executive of an act or omission that (x) could adversely and materially affect the Company's business or reputation, or (y) involves moral turpitude;

(iv) the breach, non-performance or non-observance of any of the material terms of this Agreement (other than a breach, non-performance or non observance described in clause (v) of this Section 1.4(b)), or any other agreement to which Executive and the Company are parties, by Executive, if such breach, non-performance or non-observance shall continue beyond a period of ten (10) days immediately after written notice thereof by the Company to Executive; or

(v) any breach, non-performance or non-observance of **Sections 7.3, 7.4** or **7.5**, of this Agreement.

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

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

2. Compensation and Benefits.

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 $225,000 (the "**Base Salary**"), payable in accordance with the Company's customary payroll practices as in effect from time to time. The Chief Executive Officer 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 shall not be reduced without Executive's consent unless such reduction is part of a comparable overall reduction for members of senior management, or pursuant to law. The term Base Salary shall include any changes to the Base Salary from time to time.

2.2 Bonus Programs.

(a) Annual Bonus. During the Employment Period, Executive shall be eligible for an annual bonus in an amount determined by the Company's Board of Directors (the "**Board**") based on Executive's performance of his duties and the Company's other compensation policies (the "**Annual Bonus**"). The target for the Executive's Annual Bonus shall be up to ninety thousand dollars ($90,000). 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. For fiscal year 2002 the Annual Bonus will be prorated based on the number of days worked.

(b) Performance Bonus. For each calendar year in which the Company's EBITDA margin is greater than twenty-five percent (25%) as determined by the Board with reference to the Company's audited 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 Chief Executive Officer with approval by the Board, provided that Executive is employed by the Company as of the date such Performance Bonus is generally paid to executives of the Company.

3. Options on Common Interests.

3.1 Within 90 days of the Effective Date, Executive shall be granted options (the "**Options**") with respect to 60,000 shares of common stock (the "**Interests**") in Huron Consulting Group, Inc., the parent company of the Company (the "**Parent**"), which Options shall have an exercise price of one cent ($.01) per option. These Options shall vest in four equal increments, with one-quarter vesting on the first anniversary of the Effective Date and one-quarter vesting on each of the next three anniversaries of the Effective Date; provided, however, that no Options shall vest if Executive is not employed by the Company as of such vesting date. Such Options shall be subject to the terms of the Company's Equity Incentive Plan (the "**Equity Plan**") and granting agreement, which shall be made effective prior to the grant of the Options.

3.2 Executive hereby acknowledges and agrees that the issuance of the Options to Executive does not affect the right of the Company to terminate Executive's employment as provided in this Agreement or otherwise at law.

4. [Intentionally Omitted]

5. Fringe Benefits and Expenses.

5.1 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.

5.2 During the Employment Period, the Company shall provide Executive with twenty (20) vacation days per calendar year, and, for periods which are less than a full calendar year, with vacation days for such period equal to the product of the number of vacation days stated in this paragraph for a calendar year, multiplied by a fraction with a numerator equal to the number of days in such period Executive is employed by the Company and a denominator equal to three hundred sixty-five (365), with any partial days rounded to the nearest whole number. Such vacation days for a calendar year or such other period shall accrue to Executive on a monthly basis, at the rate of one-twelfth (1/12th) of the number of vacation days for such period per full month of employment with the Company, rounded to the nearest whole number. Unused vacation days for one calendar year may be carried over through the first ninety (90) days of the immediately subsequent calendar year.

5.3 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.

6. Compensation After Termination.

6.1 If Executive is terminated by the Company for Cause or if Executive resigns, then, except as required by law, the Company shall have no further obligations to Executive (except payment of the Base Salary accrued through the date of said termination), and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity).

6.2 If Executive is terminated by the Company without Cause, Executive shall be entitled to receive: (i) as severance pay, an amount equal to the Base Salary that would otherwise have been payable if Executive continued his employment hereunder for six (6) months (such six (6)-month period, the "**Severance Period**"), payable in accordance with the Company's policies that would otherwise apply to the payment of the Base Salary, and (ii) continuation of medical benefits during the Severance Period upon the same terms as exist immediately prior to the termination of employment. The Company shall, except as required by law, have no other obligations hereunder or otherwise with respect to Executive's employment from and after the termination date, and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity). Notwithstanding the foregoing, amounts payable under this Section 6.2 shall be reduced by the amount of compensation earned, received or receivable by Executive relating to Executive's employment with, or other provision of services to, third parties during the Severance Period, (such compensation "**Subsequent Pay**") and Executive shall use all reasonable efforts to obtain such employment or engagement for services as soon as possible after the date of termination hereunder. Executive shall notify the Company of the existence of Subsequent Pay as soon as possible after Executive has knowledge of such Subsequent Pay.

6.3 If Executive is terminated due to Executive's Permanent Disability or if Executive dies during the Employment Period, then (i) 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 three (3) months which amount shall be payable in accordance with the Company's policies that would otherwise apply to the payment of the Base Salary, and (ii) 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 three (3)-month period immediately following the termination of employment. The Company shall have no other obligations hereunder or otherwise with respect to Executive's employment from and after the termination date, and the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants at law or in equity).

7. Restrictive Covenants.

7.1 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 7, 8** and **9** 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.

7.2 Confidential Information. As used in this **Section 7**, "**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.

Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of Executive. Executive agrees to deliver to the Company at the termination of Executive's employment, or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documents (and copies thereof) relating to the Business or the Company or other forms of Confidential Information which Executive may then possess or have under his control.

7.3 Non-Disclosure. Executive agrees that during employment with the Company and thereafter, Executive shall not reveal to any competitor or other person or entity (other than current employees of the Company) any Confidential Information 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.

7.4 [Intentionally Omitted]

7.5 Non-Interference with Relationships. Executive shall not directly or indirectly solicit, induce or encourage (i) any employee of the Company (or any person who had been an employee of the Company within the six-month period immediately preceding termination of Executive's employment), 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 eighteen (18) months after Executive's termination, for any reason, of employment with the Company. 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.

7.6 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 **7.3**, **7.4** and **7.5** 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.

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

9. Remedies.

9.1 Non-Exclusive Remedy for Restrictive Covenants. Executive acknowledges and agrees that the covenants set forth in **Sections 7.3, 7.4, and 7.5** 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.

9.2 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 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 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. Miscellaneous.

10.1 General Release. Executive acknowledges and agrees that Executive's right to receive severance pay and other benefits pursuant to Section 6.2 and Section 6.3 of this Agreement is contingent upon Executive's compliance with the covenants set forth in Section 7 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 A (the "**Release**"). If the Executive fails to comply with the covenants set forth in Section 7 or if the Executive fails to execute the Release or revokes the Release during the seven 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 Sections 6.2 or 6.3

10.2 No Conflict. Executive represents that no breach or other violation of any past, current or contemplated oral or written contractual arrangement to which Executive is a party (including, but not limited to, any non-compete or non-solicitation agreement with any former employer) has or will occur by virtue of Executive's employment or your performance of services for the Company

10.3 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.

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

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

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

10.7 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 550 West Van Buren Street Chicago, IL 60607 Attention: General Counsel Facsimile: (312) 880-3250
with copy to:	Lake Capital, LLC 676 North Michigan Ave. Suite 3900 Chicago, IL 60611 Attention: Joseph Karczewski Facsimile: (312) 640-7065
To Executive:	On file in the Company's payroll records

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.

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

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

10.10 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.

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

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

10.13 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

By: /s/ Kathleen Johnson

Its: Vice President
Date: December 10, 2002

EXECUTIVE

/s/ Gary Burge

Gary Burge

(print name)

12/10/02

Date

Exhibit A

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 (the "**Huron**") and the parent company to Huron ("**Parent**") (collectively Huron and Parent 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, dated November 25, 2002, as amended from time to time (the "**Senior Management Agreement**") (but excluding claims regarding severance pay and benefits) 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 cover any right to indemnification now existing under the Operating Agreement of Huron or the Parent regardless of when any claim is filed..

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, 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 10.7 of the Employment 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 Burge

Date:_____

_____

Executive

Exhibit 10.23

FIRST AMENDMENT
TO
SENIOR MANAGEMENT AGREEMENT

WHEREAS, Huron Consulting Group LLC, a Delaware limited liability company (the "Company"), has entered into a Senior Management Agreement, effective as of November 25, 2002 (the "Agreement") with Gary Burge (the "Executive");

WHEREAS, the Company is wholly owned by Huron Consulting Group, Inc., a Delaware corporation (the "Parent");

WHEREAS, the Parent contemplates the consummation of an initial public offering of its common stock (the "IPO"); and

WHEREAS, the Executive and the Company desire to amend the Agreement, subject to and effective simultaneous with the Closing of the IPO.

NOW, THEREFORE, the Agreement is hereby amended, effective as set forth in Paragraph 4 below, as follows:

1. The Agreement is hereby amended by restating in its entirety Section 6.4, as follows:

6.4 Change of Control.

(a) The provisions of Section 6.1 and 6.2 hereof to the contrary notwithstanding, if (i) Executive is terminated by the Company without Cause or Executive resigns for CoC Good Reason (defined below) in either case during the period commencing on a Change of Control (defined below) and ending on the second anniversary of the Change of Control (such two-year period being the "Protection Period" hereunder), or (ii) Executive reasonably demonstrates that the Company's termination of Executive's employment (or event which, had it occurred following a Change of Control, would have constituted CoC Good Reason) prior to a Change of Control was at the request of a third party who was taking steps reasonably calculated to effect a Change of Control (or otherwise in contemplation of a Change of Control) and a Change of Control actually occurs, (each a "Qualifying Termination"), then Executive shall be entitled to receive: (A) an amount in cash equal to the then-prevailing target amount of Executive's Annual Bonus ("Target Bonus") during the year of termination multiplied by a fraction, the numerator of which is the number of completed days (including the date of termination) during the year of termination and the denominator of which is 365, (B) an amount in cash equal to the sum of Executive's annual Base Salary and annual Target Bonus, and (C) continuation of medical benefits until the first anniversary of the date of such termination upon the same terms as exist for Executive immediately prior to the termination date. Following any termination described in this Section 6.4, the Company shall continue to have all other rights available hereunder (including, without limitation, all rights under the Restrictive Covenants and any restrictive covenants set forth in any plan, award and agreement applicable to Executive, at law or in equity). Subject to the Executive's execution of the Release described in Section 10.1, the amounts described in (A) and (B) shall be paid in a lump sum within ten (10) days after the date of termination. Such amounts or benefits shall not be subject to mitigation or offset, except that medical benefits may be offset by comparable benefits obtained by Executive in connection with subsequent employment.

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

(c) The compensation and benefits described in Section 6.4(a) and 6.4(b) shall be in lieu of compensation and benefits provided otherwise for a termination under Section 6.2 of this Agreement and any other plan or agreement of the Company, whether adopted before or after the date hereof, which provides severance payments or benefits.

(d) If it is determined that any amount, right or benefit paid or payable (or otherwise provided or to be provided) to Executive by the Company or any of its affiliates under this Agreement or any other plan, program or arrangement under which Executive participates or is a party (collectively, the "Payments") received after December 31, 2004, would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), subject to the excise tax imposed by Section 4999 of the Code, as amended from time to time (the "Excise Tax"), then the amount of the Payments payable to the Executive under this Agreement shall be reduced (a "Reduction") to the extent necessary so that no portion of such Payments payable to the Executive is subject to the Excise Tax.

For any Payment to Executive on or before December 31, 2004 that would constitute an "excess parachute payment" subject to the Excise Tax, and the present value of such Payments (calculated in a manner consistent with that set forth in the applicable regulations promulgated under Section 280G of the Code) is equal to or less than 10% greater than the threshold at which such amount becomes an "excess parachute payment," then the amount of the Payments payable to Executive under this Agreement shall be reduced (also a "Reduction") to the extent necessary so that no portion of such Payments payable to Executive is subject to the Excise Tax.

In the event it shall be determined that the amount of the Payments to Executive on or before December 31, 2004 equal a sum of more than 10% greater than the threshold at which such amount becomes an "excess parachute payment," then Executive shall be entitled to receive an additional payment from the Company (a "Gross-Up Payment") in an amount such that, after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment (and any interest and penalties imposed with respect thereto), the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax (including any interest and penalties imposed with respect thereto) imposed upon the Payments.

All determinations required to be made under this Section 6.4(d), including whether and when a Gross-Up Payment or a Reduction is required, the amount of such Gross-Up Payment or Reduction and the assumptions to be utilized in arriving at such determination, shall be made by an independent, nationally recognized accounting firm mutually acceptable to the Company and the Executive (the "Auditor"); provided that in the event a Reduction is required, the Executive may determine which Payments shall be reduced in order to comply with the provisions of Section 6.4(d). The Auditor shall promptly provide detailed supporting calculations to both the Company and Executive within following any determination that a Reduction or a Gross-Up Payment is necessary. All fees and expenses of the Auditor shall be paid by the Company. Any

Gross-Up Payment, as determined pursuant to this Section 6.4(d), shall be paid by the Company to the Executive within 5 days of the receipt of the Auditor's determination. All determinations made by the Auditor shall be binding upon the Company and the Executive; provided that if, notwithstanding the Auditor's initial determination, the Internal Revenue Service (or other applicable taxing authority) determines that an additional Excise Tax is due with respect to the Payments, then the Auditor shall recalculate the amount of the Gross-Up Payment or Reduction Amount, if applicable, based upon the determinations made by the Internal Revenue Service (or other applicable taxing authority) after taking into account any additional interest and penalties (the "Recalculated Amount") and the Company shall pay to the Executive the excess of the Recalculated Amount over the Gross-Up Payment initially paid to the Executive or the amount of the Payments after the Reduction, as applicable, within 5 days of the receipt of the Auditor's recalculation the Gross-Up Payment.

(e) For purposes of this Section 6.4 (and distinguished from a "Qualified Change of Control" provided under certain other circumstances under the Agreement), the term "Change of Control" shall be deemed to have occurred upon the first to occur of any event set forth in any one of the following paragraphs of this Section 6.4(e):

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

(ii) there is consummated a merger or consolidation of the Parent or any direct or indirect subsidiary of the Parent with any Person, other than (a) a merger or consolidation which would result in the voting securities of the Parent or such subsidiary (as the case may be) outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the securities of the Parent, or by the Parent (directly or indirectly) in such subsidiary, or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, (b) a merger or consolidation effected to implement a recapitalization of the Parent (or similar transaction) in which no Person other than existing security holders is or becomes the Beneficial Owner, directly or indirectly, of securities of the Parent (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Parent or its Affiliates) representing 40% or more of the combined voting power of the Parent's then outstanding securities, or (c) a merger or consolidation of a subsidiary of the Parent that does not represent a sale of all or substantially all of the assets of the Parent; or

(iii) the shareholders of the Parent approve a plan of complete liquidation or dissolution of the Parent (except for a plan of liquidation or dissolution effected to implement a recapitalization of the Parent (or similar transaction) in which no Person other than existing holders of voting securities is or becomes the Beneficial Owner, directly or indirectly, of securities of the Parent (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Parent or its Affiliates) representing 40% or more of the combined voting power of the Parent's then outstanding securities); or

(iv) there is consummated an agreement for the sale or disposition of all or substantially all of the assets of the Parent or of the Company to a Person, other than a sale or

disposition by the Parent of all or substantially all of the assets of the Parent or a sale or disposition by the Company of all or substantially all of the assets of the Company (as the case may be) to an entity, at least 60% of the combined voting power of the voting securities of which are owned by shareholders of the Parent (or by the Parent, in the case of a sale by the Company) in substantially the same proportions as their ownership of the Parent (or the Company) immediately prior to such sale.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred (1) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Parent immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Parent immediately following such transaction or series of transactions, or (2) as a result of a distribution by HCG Holdings, LLC of its common stock or other securities of the Parent to its members (other than in connection with a transaction if clauses (i) or (ii) of the definition of "Change of Control" above applied by substituting "HCG Holdings, LLC" in each place with the "Parent" appears but without taking into account any references to subsidiaries contained in clause (ii)).

For purposes of this Change of Control definition, (A) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, (B) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, (C) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) HCG Holdings, LLC, any Related Party, the Parent, the Company or any of the Parent's direct or indirect subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or the Parent or any of their Affiliates, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly, by the stockholders of the Parent in substantially the same proportions as their ownership of stock of the Parent, (D) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act and (E) "Related Party" shall mean (i) any member of HCG Holdings existing on the date hereof or any Affiliate of such members or (ii) any trust, corporation, partnership or other entity, whose beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of such entity consists of any of the parties listed in clause (i) of this definition.

(f) For purposes of this Section 6.4 (and distinguished from "Good Reason" provided under certain other circumstances under the Agreement), the term "CoC Good Reason" means the occurrence of any of the following within the twenty-four (24) month period following a Change of Control without the express written consent of Executive:

(i) any material breach of the Company of the Agreement which has not been cured within twenty (20) days after notice of such non-compliance has been given by Executive to the Company;

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

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

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

(v) the failure of the Company to assign this Agreement to a successor to the Company or the Parent or failure of a successor to the Company or the Parent, as the case may be, to explicitly assume and agree to be bound by this Agreement; or

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

The foregoing to the contrary notwithstanding, if the Company or the Parent is acquired as a subsidiary or division of another company, (i) the fact that Executive is not named as Chief Financial Officer of that other company following the Change of Control shall not constitute Good Reason and (ii) in the absence of other grounds, the Executive shall not have incurred "CoC Good Reason" under either subparagraph (ii) or subparagraph (iv) on the ground that the Parent has ceased to be a reporting company pursuant to Section 13 and Section 15(d) of the Securities Exchange Act of 1934 as a result of the Change of Control.

2. Section 10.1 of the Agreement is hereby amended by adding the words "and Section 6.4" immediately following the words "Section 6.1 and Section 6.2" and adding the words "or Section 6.4" immediately following the words "Section 6.1 or Section 6.2" thereof. Section 1.5(c)(v) of the Agreement is hereby deleted.

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. This First Amendment shall be effective simultaneous with the closing of the IPO. In the event that the IPO is not consummated prior to May 31, 2005, this First Amendment will become null and void and of no force or effect (including in the event of the consummation of an IPO subsequent to such date). Following the effectiveness of this First Amendment and 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.

[Signature Page Follows]

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

THE COMPANY:

HURON CONSULTING GROUP LLC

By: /s/ George Massaro

Its: Chief Operating Officer
Date: September 23, 2004

THE PARENT

HURON CONSULTING GROUP, INC.

By: /s/ George Massaro

Its: Chief Operating Officer
Date: September 23, 2004

EXECUTIVE:

/s/ Gary Burge

Gary Burge

Date: September 22, 2004

Exhibit 10.24

HURON CONSULTING GROUP INC.

EXECUTIVE OFFICERS' COMPENSATION FOR 2004 AND 2005

SUMMARY SHEET

Name	Position	Year	Base Salary	Target Bonus [1]
Gary E. Holdren	Chairman of the Board, Chief Executive Officer and President	2004	$ 800,000	$ 850,000
		2005	$ 800,000	$ 850,000
George E. Massaro	Chief Operating Officer and Director	2004	$ 600,000	$ 300,000
		2005	$ 600,000	$ 300,000
Gary L. Burge	Vice President, Chief Financial Officer, and Treasurer	2004	$ 250,000	$ 125,000
		2005	$ 275,000	$ 200,000
Daniel P. Broadhurst	Vice President and Assistant Secretary	2004	$ 485,000	$ 260,000
		2005	$ 485,000	$ 260,000
Mary M. Sawall	Vice President, Human Resources	2004	$ 250,000	$ 125,000
		2005	$ 275,000	$ 150,000

(1) The target bonus is discretionary and actual amounts paid may be more or less. There is no stated maximum bonus. In 2004, Messrs. Holdren, Massaro and Broadhurst had guaranteed bonuses in the amount of $155,000, $102,000 and $92,000, respectively. In 2005, Messrs. Holdren, Massaro and Broadhurst will have guaranteed bonuses in the amount of $42,000, $39,000 and $27,000, respectively. After 2005, none of the named executive officers has a guaranteed minimum bonus.

Exhibit 10.25

HURON CONSULTING GROUP INC.

DIRECTORS' COMPENSATION FOR 2005 SUMMARY SHEET

ANNUAL BOARD RETAINER[1]	$ 20,000
(Paid in 5 installments)	
ANNUAL COMMITTEE CHAIRMANSHIP RETAINER[1]	
Audit Committee	$ 10,000
Compensation Committee	$ 7,500
Nominating and Corporate Governance Committee	$ 7,500
(Paid in 5 installments)	
BOARD MEETING FEE	$ 1,000
COMMITTEE MEETING FEE	$ 1,000

[1] Annual retainers are prorated to reflect the portion of the year that the Director serves on the Board.

Exhibit 10.26

THIRD AMENDED AND RESTATED
SECURED REVOLVING LINE OF CREDIT NOTE

$25,000,000.00 Chicago, Illinois
February 10, 2005

FOR VALUE RECEIVED, HURON CONSULTING GROUP INC., a Delaware corporation and **HURON CONSULTING SERVICES LLC,** a Delaware limited liability company f/k/a Huron Consulting Group LLC ("Subsidiary") (each of the foregoing two entities are hereby collectively referred to herein as the Borrower), jointly and severally promise 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 **TWENTY-FIVE MILLION AND NO/100 DOLLARS ($25,000,000.00)**, 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 Amended and Restated Loan and Security Agreement of even date herewith between Borrower and Bank pursuant to which this Note is being delivered (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, 2006 (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 Second Amended and Restated Secured Revolving Line of Credit Note (the "Prior Note") in the principal amount of Fifteen Million and 00/100 Dollars ($15,000,000.00) dated February 11, 2004 made by Subsidiary 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 any 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, each of the undersigned has executed this Note as of the date first above written.

HURON CONSULTING GROUP INC., a
Delaware corporation

By: /s/ Gary L. Burge
Name: Gary L. Burge
Title: CFO

HURON CONSULTING SERVICES LLC, a
Delaware limited liability company

By: /s/ Gary E. Holdren
Name: Gary E. Holdren
Title: President

Exhibit 10.27

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

between

HURON CONSULTING GROUP INC.,

HURON CONSULTING SERVICES LLC

and

LASALLE BANK NATIONAL ASSOCIATION

Dated February 10, 2005

TABLE OF CONTENTS

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (the "Agreement") dated as of February 10, 2005, is executed by and between HURON CONSULTING GROUP INC., a Delaware corporation (referred to herein as "Parent" or "Parent Borrower"), and HURON CONSULTING SERVICES LLC, a Delaware limited liability company f/k/a Huron Consulting Group LLC (referred to herein as "Subsidiary" or "Subsidiary Borrower"), each of whose address is 550 W. Van Buren Street, Chicago, Illinois 60607 (Parent and Subsidiary are jointly, severally and collectively referred to in this Agreement as the "Borrower"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank"), whose address is 135 South LaSalle Street, Chicago, Illinois 60603.

RECITALS:

A. Subsidiary and Bank entered into that certain Loan and Security Agreement (the "**Original Loan Agreement**") dated January 31, 2003, whereby Bank agreed to provide Subsidiary 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"), Subsidiary 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, Subsidiary 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, Subsidiary 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. Pursuant to a Fourth Amendment to Loan and Security Agreement dated May 7, 2004, Subsidiary and Bank agreed to further amend the Loan Agreement in connection with a potential initial public offering of the Borrower.

F. Pursuant to a Fifth Amendment to Loan and Security Agreement dated December 3, 2004, Subsidiary and Bank has agreed, to further amend the Loan Agreement to waive the covenant requiring audited annual financial statements for Borrower's 2004 fiscal year.

G. Parent and Subsidiary have requested, and Bank has agreed, to amend and restate the Loan Agreement to: (i) incorporate the above amendments to the Loan Agreement referred to in the above Recitals; (ii) add the Parent as a co-borrower, (iii) increase the principal amount of the Revolving Loan to be $25,000,000.00, (iv) extend the maturity date of the Revolving Loan to be February 10, 2006, and (v) modify certain financial covenants, on the terms and conditions contained in this Agreement.

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) the sum of (a) eighty-five percent (85%) of the net amount of the Eligible Accounts, and (b) forty percent (40%) of the net amount of the Eligible Work in Process not to exceed Five Million and 00/1000 Dollars ($5,000,000.00), or (ii) Twenty-Five Million and 00/100 Dollars ($25,000,000.00).

"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, 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, 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.

"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 any one of the foregoing requirements.

"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**"** means a rate of interest equal to the per annum rate of interest at which United States dollar deposits in an amount comparable to the principal balance of this Note and for a period equal to the relevant Interest Period are offered in the London Interbank Eurodollar market at 11:00 a.m. (London time) two Business Days prior to the commencement of each Interest Period, as displayed in the Bloomberg Financial Markets system, or other authoritative source selected by the Bank in its sole discretion, divided by a number determined by subtracting from 1.00 the maximum reserve percentage for determining reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency liabilities, 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 one and three-quarters percent (1.75%), 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 and reasonable 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 and reasonable 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 either 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, determined based upon the annual audited financial statements of the Parent Borrower provided to Bank pursuant to Section 9.7(a) of this Agreement and a quarterly calculation for each fiscal quarter of the Parent Borrower prepared in accordance with the guidelines of the Parent Borrower's outside accounting firm which prepared such audited financial statements. Such quarterly calculation shall be certified as accurate by the Parent Borrower.

"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 Twenty-Five Million and 00/100 Dollars ($25,000,000.00).

"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 February 10, 2006, 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 a 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.

1.5 Effect of This Agreement. This Agreement amends and restates the Original Loan Agreement in its entirety as of the date hereof and incorporates each of the modifications to the Original Loan Agreement which are set forth in the Amendments referred to in the Recitals of this Agreement. The indebtedness outstanding pursuant to the Original Loan Agreement is continuing indebtedness, and nothing herein shall be deemed to constitute a payment, settlement or novation of the Original Loan Agreement, 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.

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, 2005 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.

(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 Subsidiary Borrower or Parent Borrower 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 (a)-(e), 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 Third Amended and Restated Secured Revolving Line of Credit 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 Sixty-Two Thousand Five Hundred and 00/100 Dollars ($62,500.00) (.25% 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. NOTE EVIDENCING LOANS.

4.1 Revolving Note. 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 Exhibit "A" 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. MANNER OF BORROWING.

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, each 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 such 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 Subsidiary Borrower and the Bank (the "Lockbox Agreement"), to which the Parent Borrower has become a party, 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 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. 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. If Borrower is in default under any of the Loan Documents, 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. 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.

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. 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.

6.8 **[Intentionally Omitted]**

6.9 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.

6.10 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 Parent Borrower is a corporation 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 Parent Borrower's state issued organizational identification number is 3504093. The Subsidiary 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 Subsidiary Borrower's state issued organizational identification number is 3521607. Each 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 each Borrower is as set forth in the first paragraph of this Agreement, and each Borrower currently does not conduct, nor has it during the last five (5) years conducted, business under any other name or trade name, except as identified at the outset of this Agreement.

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 Certificate of Incorporation, By-laws, or Articles of Organization of either Borrower (as applicable), 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. Each Borrower is the sole owner of the Collateral pledged by such Borrower hereunder, 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 each of 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, and Huron Consulting Group Inc. Account No. 5800297284. The Borrower and its Subsidiaries shall be permitted to maintain other deposit accounts and other bank accounts at the Bank.

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) 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."

(j) 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) AAA-Rated money market mutual funds;

(b) Obligations issued by the U.S. Treasury such as Treasury Bills, Treasury Notes and/or Treasury Bond;

(c) Obligations issued by a U.S. Government Agency or Government Sponsored Entity (GSE) (i.e., Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae, etc.);

(d) Obligations of major corporations and bank holding companies and limited to:

1. Commercial paper with an A1, P1 rating or better

2. Corporate Notes with an A2 by Moody's, A by S&P or better

3. Corporate Bonds with an A2 by Moody's, A by S&P or better

4. Medium-Term-Notes with an A2 by Moody's, A by S&P or better;

(e) Negotiable Certificates of Deposit, Time Deposits, Bankers Acceptance of banks with a network in excess of $500m and a rating from at least two nationally recognized rating agencies of at least a single A on the S&P scale;

(f) Taxable and/or tax exempt municipal securities, which also includes variable rate demand notes (VRDNs) and auction rate securities, taxable and tax-free with a AAA (long-term) rating by Moody's, S&P and/or Fitch, or short-term rating of MIG1/VMIG1 by Moody's and SP1 by S&P;

(g) Repurchase agreements fully collateralized by U.S. government and/or Federal Agency securities with a maximum maturity of seven days. The market value of the collateral securities, when marked to market daily, must be equal to or greater than 102% of the face value of the agreement;

(h) 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.

(i) 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 reasonable 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.

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. 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.

8.5 Issuance of Stockholder or Membership Interests. The Borrower shall not, either directly or indirectly, issue or distribute any additional stockholder or 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 Intentionally Omitted.]

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 **Intentionally Omitted.**

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 Parent Borrower on a consolidated basis, 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, with such annual audited financial statements to be prepared and certified by an independent certified public accountant acceptable to the Bank, containing an unqualified opinion; 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 Parent Borrower on a consolidated basis 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 Parent Borrower on a consolidated basis 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 such 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 as of the date of such financial statements. 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 Parent 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 such 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 such 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. 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.

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 $17,000.00 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 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.

9.13 Quarterly Compliance Certificate and Other Reports. The Parent 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 such 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.

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 Parent Borrower shall at all times maintain Permanent Equity Capital of its shareholders in the amount of Forty-Five Million and no/100 Dollars ($45,000,000.00).

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 Ten Million and 00/100 Dollars ($10,000,000.00) in the aggregate in any one fiscal year (excluding any such expenditures for which the Borrower is reimbursed by its landlord).

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 with respect to either entity constituting the Borrower (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, 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).

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. (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 each Borrower, or any change in the direct ownership, beneficially or of record, of twenty-five percent (25%) or more of the Equity Interests of either 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."

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: c/o Huron Consulting Group Inc.
550 W. Van Buren Street
Suite 1700
Chicago, Illinois 60607
Attention: Gary Burge
Chief Financial Officer

with a copy to:	Huron Consulting Services LLC 550 W. Van Buren Street Suite 1700 Chicago, Illinois 60607 Attention: Natalia Delgado General Counsel
If to the Bank:	LaSalle Bank National Association 135 South LaSalle Street Chicago, Illinois 60603 Attention: David Bacon 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 the 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 13.17 shall survive the satisfaction and payment of the other Obligations and the termination of this Agreement.

13.18 Use of the Term "Borrower". The term "Borrower" as used in this Agreement includes the individual or individuals, entity, association, partnership, limited liability company or corporation named herein as Borrower and, if more than one Borrower is listed above, all indebtedness of each Borrower individually and collectively and (a) any successor individual or individuals, association, entity, partnership, limited liability company or corporation to which all or substantially all of the business or assets of said Borrower shall have been transferred, and (b) in the case of a corporate Borrower, any other corporation into or with which Borrower shall have been merged, consolidated, reorganized or absorbed.

13.19 Joint and Several Liability. All obligations of Borrower under this Agreement shall be joint and several and may be fully enforced against any of them in legal proceedings without any requirement that all other parties be joined as a party defendant in those proceedings.

[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 INC., a
Delaware corporation

By: /s/ Gary L. Burge
Name: Gary L. Burge
Title: CFO

ATTEST:

By: /s/ Lisa P. Robison
Name: Lisa P. Robison
Title: Director of Finance

HURON CONSULTING SERVICES LLC, a
Delaware limited liability company

By: /s/ Gary E. Holdren
Name: Gary E. Holdren
Title: President

ATTEST:

By: /s/ Lisa P. Robison
Name: Lisa P. Robison
Title: Director of Finance

Agreed and accepted:

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: /s/ David Bacon
Name: David Bacon
Title: Vice President

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC REGISTERED ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-119697) of Huron Consulting Group Inc. of our report dated February 14, 2005 relating to the financial statements and financial statement schedule, which appears in this annual report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 16, 2005

EXHIBIT 31.1

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

I, Gary E. Holdren, certify that:

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

Date: February 16, 2005

By: /s/ Gary E. Holdren

Gary E. Holdren
Chairman, Chief Executive Officer
and President

EXHIBIT 31.2

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

I, Gary L. Burge, certify that:

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

Date: February 16, 2005

By: /s/ Gary L. Burge

Gary L. Burge
Vice President,
Chief Financial Officer and Treasurer

EXHIBIT 32.1

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

In connection with the annual report of Huron Consulting Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary E. Holdren, Chairman, Chief Executive Officer and President of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

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

Date: February 16, 2005

By: /s/ Gary E. Holdren

Gary E. Holdren
Chairman, Chief Executive Officer
and President

EXHIBIT 32.2

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

In connection with the annual report of Huron Consulting Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary L. Burge, Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002:

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

Date: February 16, 2005

By: /s/ Gary L. Burge

Gary L. Burge
Vice President,
Chief Financial Officer and Treasurer