

Huron Consulting Group Inc.  
Form DEFA14A  
May 15, 2009

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

## Huron Consulting Group Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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550 West Van Buren Street

Chicago, IL 60607

**NOTICE OF RECONVENED MEETING**

**AND**

**SUPPLEMENT TO PROXY STATEMENT**

May 15, 2009

This Supplement to Proxy Statement and enclosed proxy card are furnished on or about May 15, 2009 to stockholders of Huron Consulting Group Inc. (the Company) in connection with the solicitation by our board of directors of proxies to be voted at our reconvened 2009 Annual Meeting of Stockholders (the reconvened Annual Meeting). Our reconvened Annual Meeting will be held at the Company's corporate offices located at 550 West Van Buren Street, Chicago, Illinois 60607 on June 2, 2009 at 10:00 a.m. Central Daylight Savings Time, for the following purposes:

Proposal 2: Approval of the Company's Amended and Restated 2004 Omnibus Stock Plan (the Amended and Restated Plan); and

To transact and act upon such other business as may properly come before the reconvened Annual Meeting.

There is no change of the record date and only holders of record of the Company's common stock at the close of business on March 10, 2009 will be entitled to vote at the reconvened Annual Meeting.

The Company's Annual Meeting was held on May 6, 2009. At the Annual Meeting, stockholders approved the following two proposals:

Proposal 1: The election of two Class II directors: DuBose Ausley and John S. Moody; and

Proposal 3: The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year ending December 31, 2009.

Following these votes, the Annual Meeting was adjourned to allow our board of directors to consider stockholder feedback on Proposal 2. In response to that feedback, our compensation committee has recommended, and our board of directors has adopted the Company's Amended and Restated Plan.

If you previously submitted a proxy in connection with the Annual Meeting and do not wish to change your vote on Proposal 2, you need do nothing. If you would like to vote or change your vote on Proposal 2, you may use the enclosed proxy card. If you would like to revoke a previously delivered proxy, please see the instructions in the Proxy Statement filed by the Company with the Securities and Exchange Commission on March 26, 2009 in connection with the Annual Meeting (the Proxy Statement) which you received previously.

**We are hopeful that you will consider the proposed changes and vote to approve the Company's Amended and Restated 2004 Omnibus Stock Plan.**

**Important Notice Regarding the Availability of**

**Proxy Materials for the reconvened Annual Meeting to be**

**Held on June 2, 2009.**

**The Proxy Statement and Annual Report to Stockholders are**

**available at [www.edocumentview.com/HURN](http://www.edocumentview.com/HURN)**

The Proxy Statement is hereby amended by the Supplement to Proxy Statement as follows:

**PROPOSAL 2**

**APPROVAL OF THE COMPANY'S**

**AMENDED AND RESTATED 2004 OMNIBUS STOCK PLAN**

**Background.**

In 2004, we adopted the 2004 Omnibus Stock Plan (the Omnibus Plan), which replaced our prior equity-based compensation plans. The Omnibus Plan was approved by stockholders on October 12, 2004, and authorized for issuance up to 2,141,000 shares of our common stock for stock-based incentive compensation to eligible employees, executive officers, independent contractors and outside directors. On May 2, 2006, stockholders approved the First Amendment to the Omnibus Plan (First Amendment) in order to authorize for issuance up to 2,100,000 additional shares, which we had determined we would need for issuance over the following three-year period. As of May 6, 2009, we had issued 1,534,321 shares of common stock under the Omnibus Plan as amended by the First Amendment, have 1,930,012 shares of common stock subject to unexercised stock options or unvested restricted stock awards and have 776,667 shares of common stock remaining available for grant. In addition, we will make annual grants to our independent directors and at-hire grants to new managing directors throughout the year. As a result, the board of directors adopted an amendment to the Omnibus Plan (the Second Amendment) to increase the number of shares available under the Omnibus Plan by 2,500,000 shares and submitted the Omnibus Plan as amended through the Second Amendment to stockholders for their approval.

In response to feedback from certain of the Company's stockholders, our board of directors has determined to amend and restate the Omnibus Plan, as amended through the Second Amendment. The significant changes made in the Amended and Restated Plan are to:

reduce the number of additional shares of common stock being authorized to 800,000, which, as of May 6, 2009, would leave approximately 1,576,667 shares of common stock available for issuance under the Amended and Restated Plan, or approximately 7.3% of the Company's currently outstanding shares, and which we believe would be sufficient for the Company's needs for two years based on our current plans and growth expectations;

require that any performance-based award may not become exercisable or vested prior to the first anniversary of the date on which it is granted and that any retention award may not become vested prior to the third anniversary of the date on which it is granted; except, in each case, in the event of the participant's death, disability, retirement or a change of control;

require that the exercise price of any options to purchase common stock or stock appreciation rights issued in the future may not be below fair market value (as defined in the Amended and Restated Plan) on the date of grant;

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limit the ability to reprice outstanding options or stock appreciation rights without the approval of stockholders;

expand the business criteria upon which Section 162(m) performance-based compensation awards may be based;

require stockholder approval to amend the Amended and Restated Plan if, except in specified circumstances, the amendment would materially increase the benefits accruing to a participant, increase the aggregate number of shares of common stock that may be issued or modify the requirements as to eligibility for participation in the plan;

empower the compensation committee to administer future awards made to non-employee directors;

add provisions for cash incentive awards so that such awards may be eligible for the exemption from the \$1 million limit on tax-deductible compensation contained in Section 162(m) of the Internal Revenue Code;

provide for acceleration of unvested equity awards to employees who lose their jobs as a result of a change of control; and

bring greater clarity to how various other provisions in the Amended and Restated Plan and related equity award agreements will be interpreted.

**Reasons for the Proposal.**

Equity compensation is a crucial component of our business model. In addition to using equity awards to compensate our directors and executive officers to focus them on the overall financial performance of the Company, we use equity awards as a critical component of the compensation of the people who generate our revenue — our practice leaders, managing directors and employees. In calendar 2008, 77% of our equity awards were granted to our practice leaders, managing directors and employees, while 23% were granted to our executive officers and outside directors. In 2009 to date, 85% of our equity awards were granted to our practice leaders, managing directors and employees, while 15% were granted to our executive officers and outside directors.

As a professional services organization, our growth and success depends wholly on the talent and efforts of our people. The availability of ongoing long-term incentive compensation is a key factor in our ability to recruit and retain talent. We must offer competitive compensation packages that reward performance and create a compelling reason to remain at the Company and deliver results that benefit all stockholders. We believe stock-based compensation motivates employees and helps to focus participants on the performance and financial goals the Company has committed to achieve. Our ability to offer equity as a long-term component of compensation also helps us recruit talent that is critical for our continued growth. We believe that our ability to offer long-term equity incentives encourages a balanced focus between short-term and long-term goals and performance that cannot be as effectively achieved with cash awards.

Recognizing the importance of retaining our valued employees at all levels, we also have a feature in our annual incentive program for employees below the managing director level who normally do not receive equity compensation in many organizations similar to ours. To encourage broad ownership of Huron stock and to offer an opportunity for all of our employees to have a stake in the Company's growth, employees may use a portion of their bonus to purchase our common stock. Huron partially matches employee purchases with common stock, subject to a minimum holding requirement, as well as a time-based vesting schedule. We believe that encouraging ownership among all of our employees builds the teamwork that is a fundamental value of the Company and will enhance retention of our employees.

In addition, to enable the Company to grant performance-based compensation that is exempt from the \$1 million limit on tax-deductible compensation contained in Section 162(m) of the Internal Revenue Code, certain provisions of the Omnibus Plan must be periodically resubmitted to, and reapproved by, our stockholders. Stockholder approval of the Amended and Restated Plan will constitute approval for purposes of Section 162(m) and will allow us to grant cash and equity-based compensation that is exempt from the \$1 million limit on tax-deductible compensation.

For the reasons discussed above, we believe that it is in the best interests of the Company, its stockholders and its employees to increase the number of shares of common stock available for issuance and to make the other changes to the Omnibus Plan as reflected in the Amended and Restated Plan. Accordingly, the board of directors has adopted the Amended and Restated Plan, subject to stockholder approval. We believe the changes reflected in the Amended and Restated Plan address much of the feedback we received from our stockholders, while still allowing us to use equity compensation as a core component of our overall compensation plan.

The approval of the Amended and Restated Plan requires the affirmative vote of the holders of a majority of the total shares of common stock present in person or represented by proxy and entitled to vote on the proposal, provided that a quorum is represented at the meeting. Abstentions will have the same effect as a vote against ratification. Broker non-votes will not be considered shares entitled to vote with respect to approval of the proposal and will not be counted as votes for or against the proposal. Proxies submitted pursuant to this solicitation will be voted for the approval of the proposal, unless specified otherwise.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE COMPANY'S AMENDED AND RESTATED 2004 OMNIBUS STOCK PLAN.**

The summary of the Amended and Restated Plan set forth below is qualified in its entirety by the full text of the Amended and Restated Plan. A copy of the Amended and Restated Plan, marked to show changes from the Omnibus Plan, as amended by the First and Second Amendments, is attached as Appendix A to this Supplement to Proxy Statement. If the Amended and Restated Plan is not approved by stockholders, the Omnibus Plan as amended by the First Amendment will continue in existence in its current state, and the board of directors will be forced to consider other alternatives to continue to attract, motivate and retain employees.

**Description of the Amended and Restated Plan**

There are several types of awards that may be granted under the Amended and Restated Plan:

stock options (including both incentive stock options, or ISOs, within the meaning of Section 422 of the Internal Revenue Code and nonqualified options, which are options that do not qualify as ISOs);

stock appreciation rights;

restricted stock;

phantom stock;

stock bonus awards;

other equity-based awards valued in whole or in part by reference to, or otherwise based on, our common stock; and

cash incentive awards.

As of May 6, 2009, a total of 776,667 shares of common stock are available for grant under the Omnibus Plan, as amended by the First Amendment, subject to equitable adjustment upon certain corporate transactions or events. If this proposal is approved by stockholders, the number of shares available under the Amended and Restated Plan would increase to 1,576,667. Shares subject to an award that remain unissued upon the cancellation, surrender, exchange, forfeiture or termination of the award will again become available for award under the Amended and Restated Plan, as shall any shares subject to an award that are retained by us as payment of the exercise price or tax withholding obligations and previously owned shares surrendered to us as payment of the exercise price of an option or to satisfy tax withholding obligations. In addition, to the extent an award is paid or settled in cash, the number of shares previously subject to the award shall again be available for grant pursuant to the Amended and Restated Plan.





The Omnibus Plan, as it may be amended from time to time, is administered by the compensation committee. Our executive officers, employees, outside directors and third-party consultants, numbering approximately 2,201 in total as of May 6, 2009, were eligible to receive awards under the Amended and Restated Plan at the discretion of the compensation committee. The compensation committee has the responsibility for interpreting the Omnibus Plan and determining all of the terms and conditions of awards made under the Omnibus Plan, including when they will become exercisable or otherwise vest, subject to the terms and conditions of the Amended and Restated Plan if it is approved by the Company's stockholders. The compensation committee has the authority to accelerate the exercisability and/or vesting of any outstanding award at such times and under such circumstances as it deems appropriate, subject to the terms and conditions of the Amended and Restated Plan. The Amended and Restated Plan may be further amended by our board of directors, subject to stockholder approval, where necessary to satisfy legal or regulatory requirements; provided that no amendment may be made without stockholder approval if the amendment would materially increase the benefits accruing to a participant under the Amended and Restated Plan, except as otherwise provided, increase the aggregate number of shares of common stock that may be issued under the Amended and Restated Plan or modify the requirements for eligibility for participation in the Amended and Restated Plan. The Amended and Restated Plan terminates not later than the tenth anniversary of its initial adoption. Awards granted before the termination of the Amended and Restated Plan may extend beyond that date in accordance with their terms.

Under the Amended and Restated Plan, the maximum number of shares of stock that may be granted to any individual during any calendar year may not exceed 500,000 shares (subject to equitable adjustment as provided). The maximum number of shares of stock to which Incentive Stock Options relate that may be granted under the Amended and Restated Plan is 325,000 (subject to equitable adjustment as provided).

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

return on total stockholder equity;

earnings or book value per share of Company common stock;

net income (before or after taxes);

earnings before all or any interest, taxes, depreciation and/or amortization ( EBIT, EBITA or EBITDA );

return on assets, capital or investment;

market share;

cost reduction goals;

earnings from continuing operations;

levels of expense, costs or liabilities;

department, division or business unit level performance;

operating profit;

sales or revenues;

stock price appreciation;

implementation or completion of critical projects or processes;

adjusted EBITDA (i.e., EBITDA adjusted for share-based compensation);

days sales outstanding;

total stockholder return; and

any combination of the foregoing.

Where applicable, these business criteria may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company, an affiliate of the Company, or a department, division or strategic business unit of the Company and/or one or more affiliates of the Company. The business criteria also may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, as determined by the compensation committee. The business criteria may be subject to:

a threshold level of performance below which no payment will be made (or no vesting will occur);

levels of performance at which specified payments will be made (or specified vesting will occur); and

a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

Each of the business criteria will be determined, where applicable, in accordance with generally accepted accounting principles and will be subject to certification by the compensation committee. The compensation committee has the authority to make equitable adjustments to the business criteria in recognition of unusual or non-recurring events affecting the Company or any of its affiliates or the financial statements of the Company or any of its affiliates, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles.

**Tax Consequences.** The following summary describes the typical U.S. federal income tax consequences of awards granted under the Amended and Restated Plan based upon provisions of the Internal Revenue Code, as in effect on May 15, 2009, current regulations promulgated and proposed thereunder and existing public and private administrative rules of the Internal Revenue Code, all of which are subject to change (possibly with retroactive effect). This is not intended to be a complete analysis and discussion of the federal income tax treatment of awards under our Amended and Restated Plan, and does not discuss estate or gift taxes or the income tax laws of any municipality, state or foreign country. We generally will be entitled to withhold any required taxes in connection with the exercise or payment of any award, and may require the participant to pay such taxes as a condition to exercise or payment of an award.

**Stock Options.** Incentive stock options ( ISOs ) and non-qualified stock options ( NQSOs ) are treated differently for federal income tax purposes. ISOs are intended to satisfy the requirement of Section 422 of the Internal Revenue Code. NQSOs need not satisfy such requirements.

A participant is generally not taxed on the grant or, except as described in the next sentence, the exercise of an ISO. The difference between the exercise price and the fair market value of the shares on the exercise date, however, will be a preference item for purposes of the alternative minimum tax, and thus a participant could be subject to the alternative minimum tax as a result of the exercise of an ISO. If a participant holds the shares acquired upon exercise of an ISO for at least two years following the stock option grant date and at least one year following exercise, the participant recognizes capital gain, if any, upon a subsequent disposition of such shares. The measure of the gain is the difference between the proceeds received on disposition and the participant's basis in the shares (which generally equals the exercise price).

If a participant disposes of shares acquired pursuant to exercise of an ISO before satisfying the one and two-year holding periods described above, then: (i) if the proceeds received exceed the exercise price of the ISO,

the participant will recognize capital gain equal to the excess, if any, of the proceeds received over the fair market value of the shares on the date of exercise, and will recognize ordinary income equal to the excess, if any, of the lesser of the proceeds received or the fair market value of the shares on the date of exercise over the exercise price of an ISO; or (ii) if the proceeds received are less than the exercise price of the ISO, the participant will recognize a capital loss equal to the excess of the exercise price of the ISO over the proceeds received. Capital gains recognized upon a disqualifying disposition will be taxable as long-term capital gains if the participant held the shares for the requisite long-term capital gain holding period after the exercise of the ISO, or otherwise as short-term capital gains.

We are not entitled to an income tax deduction on the grant or exercise of an ISO or on the participant's disposition of the shares after satisfying the holding period requirements described above. If the holding periods are not satisfied, we will be entitled to a deduction in the year the participant disposes of the shares in an amount equal to the ordinary income recognized by the participant.

A recipient generally will not realize any taxable income upon the grant of an NQSO. Upon exercise of an NQSO, the participant will realize ordinary income in an amount generally measured by the excess, if any, of the fair market value of the shares on the date of exercise over the stock option exercise price. We will generally be entitled to a deduction in the same amount as the ordinary income realized by the participant. Upon the sale of shares acquired upon exercise of an NQSO, the participant will realize short-term or long-term capital gain or loss, depending upon the length of time the shares are held. Such gain or loss will be measured by the difference between the sale price of the shares and the fair market value on the date of exercise. Special rules will apply in cases where a participant pays the exercise or purchase price of the award or applicable withholding tax obligations under the Amended and Restated Plan by delivering previously owned shares or by reducing the number of shares otherwise issuable pursuant to the award. The surrender or withholding of such shares will in certain circumstances result in the recognition of income with respect to such shares or a carryover basis in the shares acquired, and may constitute a disposition for purposes of applying the ISO holding periods discussed above.

*Stock Appreciation Rights.* A participant generally will not realize any taxable income upon the grant of a stock appreciation right. Upon the exercise of such right, the participant will recognize ordinary income in an amount equal to the amount of cash and/or the fair market value, at the date of such exercise, of the shares received by the participant as a result of such exercise. We will generally be entitled to a deduction in the same amount as the ordinary income realized by the participant.

*Restricted Stock.* The federal income tax consequences of a grant of restricted stock depend upon whether or not the participant elects to be taxed at the time of the grant of such shares under Section 83(b) of the Internal Revenue Code (an "83(b) Election"). If no 83(b) Election is made, the participant will not recognize taxable income at the time of the grant of the restricted stock. When the restrictions on the shares lapse, the participant will recognize ordinary taxable income in an amount equal to the fair market value of the shares at that time. If the 83(b) Election is made, the participant will recognize taxable income at the time of the grant of restricted stock in an amount equal to the fair market value of such shares at that time, determined without regard to any of the restrictions. If the shares are forfeited before the restrictions lapse, the participant will be entitled to no deduction on account thereof.

The participant's tax basis in the restricted stock is the amount recognized by him or her as income attributable to such shares. Gain or loss recognized by the participant on a subsequent disposition of any such shares is capital gain or loss if the shares are otherwise capital assets.

We will be entitled to a tax deduction in the same amount as the income recognized by the participant as a result of the grant of restricted stock or lapse of restrictions in the taxable year in which the participant recognizes such income.

*Other Awards.* Participants will not have taxable income upon the grant of any other stock awards, provided that there are restrictions on such awards that constitute a substantial risk of forfeiture under applicable Internal Revenue Code rules. Participants will generally recognize ordinary income when the restrictions on awards lapse, or on the date of grant if there are no such restrictions. At that time, the participant will recognize taxable income equal to the cash or the then fair market value of the shares issuable in payment of such award, and such amount will be the tax basis for any shares received. We will be entitled to a tax deduction in the same amount as the income recognized by the participant as a result of the lapse of restrictions (or grant if there are no restrictions) in the taxable year in which the participant recognizes the income.

*Previous Awards.* For awards that were made in 2008 to directors and named executive officers, you should read the discussions under Proposal 1 Election of Directors; Compensation of Directors, and Executive Compensation Summary Compensation Table and Option Grants in Last Fiscal Year in the Proxy Statement which you received previously. See below for more information concerning the awards made in 2009.

**FOR ALL OF THE ABOVE REASONS, THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE AMENDED AND RESTATED PLAN.**

**2009 Plan Benefits**

From December 31, 2008 through May 6, 2009, the compensation committee has approved and we have granted the following restricted stock awards under the Omnibus Plan, as amended by the First Amendment:

Persons or Groups of Persons	Number of Shares
Gary E. Holdren	32,965
Daniel P. Broadhurst	15,951
Gary L. Burge	12,229
Mary M. Sawall	9,039
Natalia Delgado	6,380
Non-Executive Managing Directors	533,862
Non-Managing Directors	42,684
Outside Directors	21,732
<b>Total</b>	<b>674,842</b>

**OTHER MATTERS**

The Company will bear the cost of soliciting proxies. To the extent necessary, proxies may be solicited by directors, officers and employees of the Company in person, by telephone or through other forms of communication, but such persons will not receive any additional compensation for such solicitation. The Company will reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of the Company's common stock. The Company will supply banks, brokers, dealers and other custodian nominees and fiduciaries with proxy materials to enable them to send a copy of such materials by mail to each beneficial owner of shares of the common stock that they hold and will, upon request, reimburse them for their reasonable expenses in so doing.

The Company has retained The Altman Group, a proxy solicitation firm, to assist it for a base fee of \$9,500 plus out-of-pocket expenses.

AMENDED AND RESTATED

## HURON CONSULTING GROUP INC.

## 2004 OMNIBUS STOCK PLAN

1. History and Purpose; Establishment.

The Huron Consulting Group Inc. 2004 Omnibus Stock Plan (the "~~Plan~~" Plan ) was established, adopted and approved by the Board of Directors of Huron Consulting Group Inc. ( Huron ) and was approved by Huron 's stockholders effective as of October 12, 2004. The Plan was amended effective as of May 2, 2006 to increase the number of shares available for issuance under the Plan, which amendment was approved by Huron 's stockholders. The following provisions constitute an amendment and restatement of the Plan subject to the approval of Huron 's stockholders. The Plan is intended to attract and retain employees, non-employee directors and independent contractors of the Company, to motivate them to achieve long-term Company goals and to further align their interests with those of the Company/Huron 's stockholders. ~~The Plan was adopted and approved by the Board of Directors effective as of October 12, 2004, and was approved by the stockholders of the Company.~~

## 2. Definitions.

As used in the Plan, the following definitions apply to the terms indicated below:

- (a) "~~Administrative Actions~~" shall have the meaning set forth in Section ~~4~~(bd).
- (b) "~~Affiliate~~" means any entity if, at the time of granting of an Award (1) ~~the Company~~ means any corporation, partnership, joint venture or other entity during any period in which (i) Huron, directly or indirectly, owns at least 50% of the combined voting power of all classes of stock of such entity or at least 50% of the ownership interests in such entity or ~~(2ii)~~ such entity, directly or indirectly, owns at least 50% of the combined voting power of all classes of stock of ~~the Company~~Huron.
- (c) "~~Agreement~~" shall mean ~~the written~~an agreement between ~~the Company~~Huron and a Participant evidencing an Award or a notice of an Award delivered to a Participant by the Company in hard copy paper form, electronically via the Internet or through other ~~electronic means~~, in a form approved by the Committee.
- (d) Alternative Agreement shall mean, with respect to any Participant, an employment agreement, senior management agreement or other written agreement describing the Participant 's terms of employment with Huron or an Affiliate.
- (e) ~~(d)~~ "~~Award~~" shall mean any Option, Stock Appreciation Right, Restricted Stock, Phantom Stock, Stock Bonus or Other Award granted pursuant to the terms of the Plan.
- (f) ~~(e)~~ "~~Board of Directors~~" shall mean the Board of Directors ~~of the Company~~Huron.
- (g) ~~(f)~~ "~~Business Criteria~~" shall mean (1i) return on total stockholder equity; (2ii) earnings or book value per share of ~~Company~~Common Stock; ~~(3iii)~~ net income (before or after taxes); ~~(4iv)~~ earnings before all or any interest, taxes, depreciation and/or amortization ("~~EBIT~~", " ~~EBITA~~" or " ~~EBITDA~~" ); (5v) return on assets, capital or investment; (6vi) market share; (7vii) cost reduction goals; ~~(8viii)~~ earnings from continuing operations; ~~(9ix)~~ levels of expense, costs or liabilities; ~~(10x)~~ department, division or business unit

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level performance; (~~11~~xi) operating profit; (~~12~~xii) sales or revenues; (~~13~~xiii) stock price appreciation; (~~14~~xiv) total stockholder return (TSR); (~~15~~xv) implementation or completion of critical projects or processes; ~~or~~ (~~16~~xvi) adjusted EBITDA (i.e., EBITDA adjusted for share-based compensation); (xvii) days sales outstanding (DSO); or (xviii) any combination of the foregoing. Where applicable, Business Criteria may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of ~~the Company~~Huron, an Affiliate, or a department, division or strategic business unit of ~~the Company~~Huron and/or one or more Affiliates, or may be applied to the performance of ~~the Company~~Huron and/or one or more Affiliates

relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee. The Business Criteria may be subject to a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). Each of the Business Criteria shall be determined, where applicable, in accordance with generally accepted accounting principles and shall be subject to certification by the Committee; provided that the Committee shall have the authority to make equitable adjustments to the Business Criteria in recognition of unusual or non-recurring events affecting ~~the Company~~ Huron or any Affiliate or the financial statements of ~~the Company~~ Huron or any Affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles.

(h) Cash Incentive Award shall have the meaning set forth in Section 12(b).

(i) ~~(g)~~ "Cause" shall mean, unless otherwise defined in the Participant's Agreement, employment agreement, senior management agreement or other written agreement describing the Participant's terms of employment with the Company, termination of the Participant's employment or service by the Company if, in the reasonable determination of the Company, the Participant (i) ~~engages in~~ engages in ~~an Alternative Agreement, any of the following actions or failures by a Participant, as determined in the reasonable judgment of Huron:~~ Agreement or an Alternative Agreement, any of the following actions or failures by a Participant, as determined in the reasonable judgment of Huron: (i) engaging in conduct that violates written policies of the Company; (ii) ~~fails~~ failure to perform the essential functions of his or her job (except for a failure resulting from a bona fide illness or incapacity); (iii) ~~fails~~ failure to carry out the ~~Company's~~ reasonable directions of the Company, issued through ~~its~~ Huron's Chief Executive Officer, ~~the Board of Directors~~, other appropriate senior employee responsible for the Participant's business unit or area, or the Participant's supervisor, or the person to whom the Participant reports, (iv) ~~engages in~~ engages in embezzlement, misappropriation of corporate funds, any act of fraud, dishonesty or self-dealing, or the commission of a felony or any significant violation of any statutory or common law duty of loyalty to the Company; (v) ~~commits~~ commits an act or omission that could adversely and materially affect the ~~Company's~~ business or reputation of the Company or involves moral turpitude; or (vi) ~~breaches~~ breach of a material provision of this Plan or the Agreement evidencing an Award.

(j) Change of Control shall mean the first to occur of the following events:

- (i) any Person becomes the Beneficial Owner, directly or indirectly, of common stock or voting securities of Huron (not including in the amounts beneficially owned by such Person any common stock or voting securities acquired directly from Huron or its Affiliates) representing 40% or more of the combined voting power of Huron's then outstanding securities;
- (ii) there is consummated a merger or consolidation of Huron or any direct or indirect subsidiary of Huron with any Person, other than (1) a merger or consolidation which would result in the voting securities of Huron outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of Huron or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; (2) a merger or consolidation effected to implement a recapitalization of Huron (or similar transaction) in which no Person other than existing security holders is or becomes the Beneficial Owner, directly or indirectly, of securities of Huron (not including in the amount Beneficially Owned by such Person any common stock or voting securities acquired directly from Huron or its Affiliates) representing 50% or more of the combined voting power of Huron's then outstanding securities; or (3) a merger or consolidation of a subsidiary of Huron that does not represent a sale of all or substantially all of the assets of Huron;
- (iii) the stockholders of Huron approve a plan of complete liquidation or dissolution of Huron (except for a plan of liquidation or dissolution effected to implement a recapitalization of Huron addressed in paragraph (ii) above); or



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

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

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

- (k) ~~(h)~~ "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (l) ~~(i)~~ "Committee" shall mean a committee of the Board of Directors, ~~which shall consist~~ consisting of two or more persons, each of whom shall qualify as an "outside director" within the meaning of Section 162(m) of the Code; a "nonemployee director" within the meaning of Rule 16b-3 and an "independent director" within the meaning of the NASD Rule 4350(c)(1).
- (j) ~~"Company" shall mean Huron Consulting Group Inc., a Delaware corporation, and, where appropriate, each of its Affiliates.~~
- (m) ~~(k)~~ "Company Common Stock" shall mean ~~the Class A common stock of the Company~~ Huron, par value \$.01 per share ~~(which Class A common stock will be renamed Common Stock pursuant to the Company's certificate of incorporation upon a Fundamental Change, a Change of Control or immediately prior to the closing of a Qualified Public Offering (each as defined in the Company's certificate of incorporation)).~~
- (n) Company shall mean, collectively, Huron and its Affiliates.
- (o) ~~(l)~~ "Covered Employee" shall have the meaning set forth in Section 162(m) of the Code.
- (p) Disabled shall mean permanently and totally disabled within the meaning of Section 22(e)(3) of the Code.
- (q) ~~(m)~~ "Effective Date" shall mean October 12, 2004.
- (r) ~~(n)~~ "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (s) Fair Market Value of a share of Common Stock as of any date shall mean the value determined in accordance with the following rules:

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- (i) If the Common Stock is at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the closing price per share of Common Stock on the trading day immediately preceding such date on the principal exchange on which the Common Stock is then listed or admitted to trading or, if no such sale is reported on such preceding date, on the last preceding date on which a sale was so reported.

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- (ii) If the Common Stock is not at the time listed or admitted to trading on a stock exchange but bid and asked prices for the Common Stock are regularly reported, then the Fair Market Value shall be the arithmetic mean between the closing or last bid and asked prices for the Common Stock on the trading day immediately preceding such date or, if no bid and asked prices for Common Stock are reported on such preceding date, on the most recent day immediately prior thereto on which bid and asked prices were so reported.
- (iii) (e) "Fair Market Value" of the Company Stock shall be calculated as follows: (i) if the Company Stock is listed on a national securities exchange or traded on the NASDAQ National Market or the NASDAQ SmallCap Market and sale prices are regularly reported for the Company Stock, then the Fair Market Value shall be the closing selling price for the Company Stock reported on the applicable composite tape or other comparable reporting system on the applicable date, or if the applicable date is not a trading day, on the most recent trading day immediately prior to the applicable date; or (ii) if closing selling prices are not regularly reported for the Company Stock as described in clause (i) above but bid and asked prices for the Company Stock are regularly reported, then the Fair Market Value shall be the arithmetic mean between the closing or last bid and asked prices for the Company Stock on the applicable date or, if the applicable date is not a trading day, on the most recent trading day immediately prior to the applicable date; or (iii) If the Common Stock is not listed or admitted to trading on any stock exchange and if prices are not regularly reported for the Company Common Stock as described in clause (i) or paragraph (ii) above, then, the Fair Market Value shall be as determined by the Committee in good faith by the Committee in its sole discretion or under procedures established by the Committee, whose determination shall be conclusive and binding.
- (iv) For purposes of determining the Fair Market Value of shares of Common Stock that are sold pursuant to a broker-assisted cashless exercise program, Fair Market Value shall be the price at which such shares are sold.
- (t) Huron shall mean Huron Consulting Group Inc., a Delaware corporation.
- (u) ~~(p)~~ "Incentive Stock Option" shall mean an Option that qualifies as an "incentive stock option" within the meaning of Section 422 of the Code, or any successor provision, and which is designated by the Committee as an Incentive Stock Option.
- (v) ~~(q)~~ "Nonqualified Stock Option" shall mean an Option other than an Incentive Stock Option.
- (w) ~~(r)~~ "Option" shall mean an option to purchase shares of ~~Company~~ Company Common Stock granted pursuant to Section 7 hereof.
- (x) ~~(s)~~ "Other Award" shall mean an Award granted pursuant to Section 12 hereof.
- (y) ~~(t)~~ "Participant" shall mean an employee, non-employee director ~~or consultant~~ independent contractor of the Company to whom an Award is granted pursuant to the Plan.
- (z) Performance-Based Award is an Option, Stock Appreciation Right and any other right or Award granted under the Plan the vesting or earning of which is conditioned on the achievement of performance targets or performance objectives.
- (aa) ~~(u)~~ "Phantom Stock" shall mean ~~an~~ the right, granted pursuant to Section 10 hereof, to receive in cash or shares the Fair Market Value of a share of ~~Company~~ Company Common Stock.
- (bb) Plan shall mean the Huron Consulting Group Inc. 2004 Omnibus Stock Plan as set forth herein.

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(cc) ~~(c)~~ "Restricted Stock" shall mean a share of Company Common Stock which is granted pursuant to the terms of Section 9 hereof and which is subject to restrictions as set forth in Section 9(d), described in Section 9.

(dd) Retention Award shall mean an Award (other than an Option or Stock Appreciation Right) that is vested or earned solely on the basis of the performance of future services for the Company.

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(ee) Retirement shall mean the termination of a Participant's employment or service with the Company on or after the date on which he has attained age 65. A Participant's termination of employment or service shall not be considered to be on account of Retirement if the employment or service is terminated by the Company for Cause.

(ff) ~~(w)~~ "Rule 16b-3" shall mean the Rule 16b-3 promulgated under the Exchange Act, as amended from time to time.

(gg) ~~(x)~~ "Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

(hh) ~~(y)~~ "Stock Appreciation Right" shall mean ~~the right to~~ a right granted pursuant to Section 8 hereof which entitles the Participant to receive, upon exercise of the right, the applicable amounts as described in Section 8 hereof. Award, an amount of cash or shares of Common Stock (as determined in accordance with the terms of the Plan and the Award) having a value equal to the excess of: (i) the Fair Market Value, determined at the time of exercise, of a specified number of shares of Common Stock; over (ii) an exercise price established by the Committee at the time of grant, subject to the terms and conditions of the Plan.

(ii) ~~(z)~~ "Stock Bonus" shall mean a bonus payable in shares of Company Common Stock granted pursuant to Section 11 hereof.

(jj) ~~(aa)~~ "Subsidiary" shall mean a "subsidiary corporation" of the Company Huron within the meaning of Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Shares Available for Awards. The maximum number of shares of Company Common Stock reserved for issuance under the Plan shall be ~~4,241,000~~ 5,041,000 shares (subject to adjustment as provided herein). Such shares may be authorized but unissued shares of Company Common Stock or authorized and issued shares of Company Common Stock held in the Company Huron's treasury, including shares purchased in the open market or in private transactions.

(b) ~~Individual Limitation; Limitation on Certain~~ Limitations on Awards; ~~Limitation on Incentive Stock Options. The~~ Subject to the provisions of this Section 3, the maximum number of shares of Company Common Stock to which Awards relate that may be granted to any Participant in the aggregate during any calendar year shall not exceed 500,000 shares (subject to adjustment as provided herein). ~~The maximum number of shares of Company Stock to which Incentive Stock Options relate that may be granted under the Plan shall be 325,000 (subject to adjustment as provided herein) For purposes of this Section 3(b):~~

(i) If Awards are denominated in shares of Common Stock but an equivalent amount of cash is delivered in lieu of shares of Common Stock, the foregoing limit shall be applied based on the methodology used by the Committee to convert the number of shares into cash.

(ii) If delivery of shares of Common Stock or cash is deferred until after shares of Common Stock have been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the shares are earned shall be disregarded.

(c) Limits on Incentive Stock Options. The maximum number of shares of Common Stock to which Incentive Stock Options relate that may be granted under the Plan shall be 325,000 (subject to adjustment as provided herein).

(d)

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Limitations on Cash Incentive Awards. The maximum amount payable to any Participant for any twelve month performance period with respect to a Cash Incentive Award granted under the Plan shall be \$10,000,000 (pro rated for performance periods that are greater or lesser than twelve months). For purposes of this Section 3(d):

- (i) If the Award is denominated in cash but an equivalent amount of Common Stock is delivered in lieu of delivery of cash, the foregoing limit shall be applied to the cash based on the methodology used by the Committee to convert the cash into shares.

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(ii) If delivery of shares of Common Stock or cash is deferred until after cash has been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the cash is earned shall be disregarded.

(e) ~~(e)~~ Adjustment for Change in Capitalization. In the event that any dividend or other distribution is declared (whether in the form of cash, ~~Company~~Common Stock, or other property), or there occurs any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange or other similar corporate transaction or event, the Committee shall equitably adjust, in its sole and absolute discretion, ~~(4i)~~ the number and kind of shares of stock which may thereafter be issued in connection with Awards; ~~(2ii)~~ the number and kind of shares of stock or other property issued or issuable in respect of outstanding Awards; ~~(3iii)~~ the exercise price, grant price or purchase price relating to any Award; ~~and~~; ~~(4iv)~~ the limitations set forth in Sections 3(a) ~~and~~, 3(b); ~~3(c) and 3(d)~~ (provided that, with respect to Incentive Stock Options, such adjustment shall be made in accordance with Section 424 of the Code and any regulations thereunder); and (v) any other adjustments that the Committee determines to be equitable (which may include, without limitation, (1) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction and (2) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of payment, provided that in the case of an Option or Stock Appreciation Right, the amount of such payment may be the excess of value of the shares of Common Stock subject to the Option or Stock Appreciation Right at the time of the transaction over the exercise price).

(f) ~~(f)~~ Reuse of Shares. Except to the extent that to do so would prevent the grant of Incentive Stock Options hereunder, the following shares of ~~Company~~Common Stock shall again become available for Awards: ~~(4j)~~ any shares subject to an Award that remain unissued upon the cancellation, surrender, exchange, forfeiture or termination of such Award without having been exercised or settled; ~~(2ii)~~ any shares subject to an Award that are retained ~~by the Company~~ as payment of the exercise price or tax withholding obligations with respect to an Award; and ~~(3iii)~~ a number of shares equal to the n