

Huron Consulting Group Inc.
Form 10-Q
November 01, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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 (IRS Employer
incorporation or organization) Identification Number)

550 West Van Buren Street

Chicago, Illinois

60607

(Address of principal executive offices)

(Zip Code)

(312) 583-8700

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

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

As of October 26, 2016, 21,723,935 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTSHURON CONSULTING GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$9,103	\$58,437
Receivables from clients, net	88,387	85,297
Unbilled services, net	71,594	56,527
Income tax receivable	2,711	406
Prepaid expenses and other current assets	12,772	27,720
Total current assets	184,567	228,387
Property and equipment, net	30,099	28,888
Long-term investment	32,932	34,831
Other non-current assets	23,448	21,045
Intangible assets, net	90,090	94,992
Goodwill	799,958	751,400
Total assets	\$1,161,094	\$1,159,543
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$6,696	\$7,220
Accrued expenses	23,013	24,276
Accrued payroll and related benefits	62,341	80,839
Deferred revenues	22,158	19,086
Total current liabilities	114,208	131,421
Non-current liabilities:		
Deferred compensation and other liabilities	33,511	23,768
Long-term debt	325,858	307,376
Deferred lease incentives	9,838	9,965
Deferred income taxes, net	38,659	34,688
Total non-current liabilities	407,866	375,797
Commitments and contingencies		
Stockholders' equity		
Common stock; \$0.01 par value; 500,000,000 shares authorized; 24,120,541 and 24,775,823 shares issued at September 30, 2016 and December 31, 2015, respectively	235	241
Treasury stock, at cost, 2,395,473 and 2,249,630 shares at September 30, 2016 and December 31, 2015, respectively	(112,329)	(103,734)
Additional paid-in capital	401,338	438,367
Retained earnings	347,329	313,866
Accumulated other comprehensive income	2,447	3,585

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Total stockholders' equity	639,020	652,325
Total liabilities and stockholders' equity	\$1,161,094	\$1,159,543

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenues and reimbursable expenses:				
Revenues	\$183,400	\$175,465	\$548,148	\$513,910
Reimbursable expenses	19,093	16,091	54,636	53,266
Total revenues and reimbursable expenses	202,493	191,556	602,784	567,176
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses):				
Direct costs	108,354	94,821	323,310	297,448
Amortization of intangible assets and software development costs	4,052	4,738	11,278	12,102
Reimbursable expenses	18,956	15,837	54,747	53,194
Total direct costs and reimbursable expenses	131,362	115,396	389,335	362,744
Operating expenses and other losses, net:				
Selling, general and administrative expenses	38,256	39,246	119,937	117,256
Restructuring charges	1,049	320	4,129	1,577
Other losses, net	494	—	494	524
Depreciation and amortization	8,092	6,538	23,064	18,286
Total operating expenses and other losses, net	47,891	46,104	147,624	137,643
Operating income	23,240	30,056	65,825	66,789
Other income (expense), net:				
Interest expense, net of interest income	(4,176)	(4,638)	(12,270)	(13,794)
Other income (expense), net	489	(1,400)	1,236	(1,982)
Total other expense, net	(3,687)	(6,038)	(11,034)	(15,776)
Income from continuing operations before income tax expense	19,553	24,018	54,791	51,013
Income tax expense	7,265	9,741	19,498	21,620
Net income from continuing operations	12,288	14,277	35,293	29,393
Income (loss) from discontinued operations, net of tax	4	5,097	(1,830)	10,316
Net income	\$12,292	\$19,374	\$33,463	\$39,709
Net earnings per basic share:				
Net income from continuing operations	\$0.58	\$0.65	\$1.67	\$1.33
Income (loss) from discontinued operations, net of tax	—	0.23	(0.08)	0.46
Net income	\$0.58	\$0.88	\$1.59	\$1.79
Net earnings per diluted share:				
Net income from continuing operations	\$0.57	\$0.63	\$1.65	\$1.30
Income (loss) from discontinued operations, net of tax	—	0.23	(0.09)	0.46
Net income	\$0.57	\$0.86	\$1.56	\$1.76
Weighted average shares used in calculating earnings per share:				
Basic	21,076	22,107	21,084	22,151
Diluted	21,445	22,592	21,427	22,616
Comprehensive income:				

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Net income	\$12,292	\$19,374	\$33,463	\$39,709
Foreign currency translation adjustments, net of tax	50	(615) 52	(201
Unrealized gain (loss) on investment, net of tax	(2,038	) —	(1,163	) 4,135
Unrealized gain (loss) on cash flow hedging instruments, net of tax	121	(91	) (27	) (252
Other comprehensive income (loss)	(1,867	) (706	) (1,138	) 3,682
Comprehensive income	\$10,425	\$18,668	\$32,325	\$43,391

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

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

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Comprehensive Income	Other Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2015	24,065,154	\$ 241	(2,262,080)	\$(103,734)	\$438,367	\$313,866	\$ 3,585	\$ 652,325
Comprehensive income						33,463	(1,138)	) 32,325
Issuance of common stock in connection with:								
Restricted stock awards, net of cancellations	368,251	4	(59,375)	(3,758)	) 3,754			—
Exercise of stock options	4,706	—			123			123
Share-based compensation					14,088			14,088
Shares redeemed for employee tax withholdings			(86,191)	(4,837)	)			(4,837)
Income tax benefit on share-based compensation					261			261
Share repurchases	(982,192)	(10)			(55,255)			(55,265)
Balance at September 30, 2016	23,455,919	\$ 235	(2,407,646)	\$(112,329)	\$401,338	\$347,329	\$ 2,447	\$ 639,020

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

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

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$33,463	\$39,709
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,344	38,220
Share-based compensation	13,145	15,288
Amortization of debt discount and issuance costs	7,171	6,985
Allowances for doubtful accounts and unbilled services	7,107	(1,605)
Deferred income taxes	4,045	13,407
Changes in operating assets and liabilities, net of acquisitions:		
(Increase) decrease in receivables from clients	9,442	(14,725)
(Increase) decrease in unbilled services	(21,492)	15,179
(Increase) decrease in current income tax receivable / payable, net	(3,039)	3,704
(Increase) decrease in other assets	12,669	(5,381)
Increase (decrease) in accounts payable and accrued liabilities	(2,366)	8,459
Increase (decrease) in accrued payroll and related benefits	(17,707)	(43,510)
Increase (decrease) in deferred revenues	2,028	7,507
Net cash provided by operating activities	78,810	83,237
Cash flows from investing activities:		
Purchases of property and equipment, net	(9,372)	(15,040)
Investment in life insurance policies	(1,890)	(4,823)
Purchases of businesses, net of cash acquired	(69,133)	(332,766)
Purchase of convertible debt investment	—	(15,138)
Capitalization of internally developed software costs	(838)	(735)
Net cash used in investing activities	(81,233)	(368,502)
Cash flows from financing activities:		
Proceeds from exercise of stock options	123	—
Shares redeemed for employee tax withholdings	(4,837)	(5,194)
Tax benefit from share-based compensation	935	3,117
Share repurchases	(55,265)	(13,498)
Proceeds from borrowings under credit facility	168,000	272,000
Repayments on credit facility	(156,000)	(214,500)
Payments for capital lease obligations	—	(48)
Net cash provided by (used in) financing activities	(47,044)	41,877
Effect of exchange rate changes on cash	133	(22)
Net decrease in cash and cash equivalents	(49,334)	(243,410)
Cash and cash equivalents at beginning of the period	58,437	256,872
Cash and cash equivalents at end of the period	\$9,103	\$13,462
Supplemental disclosure of cash flow information:		

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Non-cash investing and financing activities:

Property and equipment expenditures included in accounts payable and accrued expenses	\$2,928	\$2,201
Contingent consideration related to business acquisitions	\$8,754	\$900
Common stock issued related to business acquisition	\$—	\$2,204

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

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

1. Description of Business

Huron is a global professional services firm focused on assisting clients with their most complex business issues by delivering high-value, quality solutions to support their long-term strategic objectives. We specialize in serving clients in the healthcare, higher education, life sciences, and commercial sectors as these organizations face significant transformational change and regulatory or economic pressures in dynamic market environments. With our deep industry and technical expertise, we provide advisory, consulting, technology, and analytic solutions to deliver sustainable and measurable results. We provide consulting services to a wide variety of both financially sound and distressed organizations, including healthcare organizations, leading academic institutions, Fortune 500 companies, and governmental entities.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements reflect the financial position, results of operations, and cash flows as of and for the three and nine months ended September 30, 2016 and 2015. These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q. Accordingly, these financial statements do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements. In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair statement of our financial position, results of operations, and cash flows for the interim periods presented in conformity with GAAP. These financial statements should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2015 included in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2016 and June 30, 2016. Our results for any interim period are not necessarily indicative of results for a full year or any other interim period.

On December 10, 2015, we entered into an agreement to sell our Huron Legal segment to a third party. The sale closed on December 31, 2015. The operations of our Huron Legal segment have been classified as discontinued operations in our consolidated statements of earnings for all periods presented. As of September 30, 2016 and December 31, 2015, no assets or liabilities of the disposed business remained on our consolidated balance sheet. See Note 4 "Discontinued Operations" for additional information on the divestiture of our Huron Legal segment. Certain other amounts reported in the previous year have been reclassified to conform to the 2016 presentation. See Note 3 "New Accounting Pronouncements" for information on the balance sheet reclassification of our debt issuance costs related to our convertible notes.

3. New Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, classification of excess tax benefits on the statement of cash flows, and forfeitures. The updated guidance is effective for us beginning January 1, 2017, at which time we will begin recognizing excess tax benefits and deficiencies as income tax expense or benefit in our consolidated statement of earnings on a prospective basis. Prior to adoption of this ASU, excess tax benefits and deficiencies are recognized in additional paid-in capital on our consolidated balance sheet. Additionally, upon adoption, we will classify excess tax benefits as an operating activity, as opposed to a financing activity, on the statement of cash flows on a retrospective basis. Upon adoption, we will elect to account for share-based award forfeitures as they occur and apply this accounting change on a modified retrospective basis as a cumulative-effect adjustment to retained earnings, which we do not expect to have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging: Contingent Put and Call Options in Debt Instruments. ASU 2016-06 clarifies that in assessing whether an embedded contingent put or call option is clearly and closely related to the debt host, an entity is required to perform only the four-step decision sequence in ASC 815-15-25-42 (as amended by the ASU). The entity does not have to separately assess whether the event that triggers its ability to exercise the contingent option is itself indexed only to interest rates or credit risk. The updated guidance is effective for us beginning January 1, 2017. We do not expect the adoption of this guidance to have any impact on our consolidated financial statements.

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In March 2016, the FASB issued ASU 2016-02, Leases, which supersedes ASC Topic 840, Leases, and sets the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record on the balance sheet a right-of-use asset and a lease liability, equal to the present value of the remaining lease payments, for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. ASU 2016-02 will be effective for us beginning January 1, 2019, with early adoption permitted. Entities are required to use a modified retrospective transition method for existing leases. We are currently evaluating the potential impact this guidance will have on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments to the guidance enhance the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation, and disclosure. The updated guidance is effective for us beginning January 1, 2018. We are currently evaluating the potential impact this guidance will have on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. We adopted these amendments in the first quarter of 2016 on a prospective basis. The adoption of these amendments did not have any impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. The amendments to the guidance require the presentation of debt issuance costs on the balance sheet as a deduction from the carrying amount of the related debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements: Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting, which clarifies the treatment of debt issuance costs from line-of-credit arrangements after the adoption of ASU 2015-03.

ASU 2015-15 clarifies that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of such arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We adopted these amendments in the first quarter of 2016 on a retrospective basis. As a result, we reclassified debt issuance costs related to our convertible notes of \$1.2 million included in prepaid expenses and other current assets and \$3.4 million included in other non-current assets to long-term debt on our previously reported consolidated balance sheet as of December 31, 2015. See Note 8 "Financing Arrangements" for information on our convertible notes.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis, which amends the consolidation requirements in ASC 810, Consolidation. ASU 2015-02 requires management to reevaluate all legal entities under a revised consolidation model, specifically (i) modify the evaluation of whether limited partnership and similar legal entities are variable interest entities (VIEs) or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and (iv) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Act of

1940 for registered money market funds. We adopted these amendments in the first quarter of 2016. The adoption of these amendments did not have any impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, as a new Topic, ASC 606. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In accordance with the new standard, we will adopt ASU 2014-09 on January 1, 2018. The new guidance may be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. We are

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HURON CONSULTING GROUP INC.
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 (Tabular amounts in thousands, except per share amounts)
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currently evaluating the potential impact this guidance will have on our consolidated financial statements, as well as the transition methods.

4. Discontinued Operations

During 2015, we began evaluating strategic alternatives related to our Huron Legal segment, including the potential divestiture of the practice. On December 10, 2015, we entered into an agreement to sell Huron Legal to Consilio, Inc. ("Consilio"). Pursuant to the agreement, Consilio acquired substantially all of the assets and assumed certain liabilities of Huron Legal, and acquired all issued and outstanding equity interests in certain entities wholly owned by the Company. Huron Legal provided eDiscovery services, consulting services and contract management services related to law department management, information governance and compliance, legal discovery, litigation management, and legal analytics.

The sale closed on December 31, 2015, at which time we received net proceeds of \$110.1 million and recognized a pretax disposal loss of \$2.3 million. The divestiture of the Huron Legal segment represented a strategic shift that had a major effect on our operations and financial results as contemplated under ASC 205-20, Presentation of Financial Statements - Discontinued Operations. As such, the operations of our Huron Legal segment have been classified as discontinued operations in our consolidated statements of earnings for all periods presented. As of September 30, 2016 and December 31, 2015, no assets or liabilities of the disposed business remained on our consolidated balance sheet.

For the nine months ended September 30, 2016, we recognized losses from discontinued operations, net of tax, of \$1.8 million, primarily related to obligations for former employees, legal fees, and updated lease assumptions for vacated office space directly related to the sale of the Huron Legal segment.

The table below summarizes the operating results of Huron Legal for the three and nine months ended September 30, 2015.

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Revenues and reimbursable expenses:		
Revenues	\$ 34,416	\$ 107,468
Reimbursable expenses	1,265	2,634
Total revenues and reimbursable expenses	35,681	110,102
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses):		
Direct costs	20,766	68,630
Amortization of intangible assets	58	175
Reimbursable expenses	1,266	2,632
Total direct costs and reimbursable expenses	22,090	71,437
Operating expenses:		
Selling, general and administrative expenses	4,383	15,371
Restructuring charges	(17	) 913
Depreciation and amortization	2,456	7,485
Total operating expenses	6,822	23,769
Operating income	6,769	14,896
Other income, net	17	37

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Income from discontinued operations before income tax expense	6,786	14,933
Income tax expense	1,689	4,617
Income from discontinued operations, net of tax	\$ 5,097	\$ 10,316

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HURON CONSULTING GROUP INC.
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 (Tabular amounts in thousands, except per share amounts)
 (Unaudited)

The table below summarizes the amounts reflected in our consolidated statements of cash flows that relate to the discontinued operation for the nine months ended September 30, 2015.

	Nine Months Ended September 30, 2015
Depreciation and amortization	\$ 7,660
Share-based compensation	\$ 618
Purchases of property and equipment	\$ 5,117
Significant non-cash investing items of discontinued operations:	
Contingent consideration related to business acquisitions	\$ 900

In connection with the sale of Huron Legal, we entered into a transition services agreement ("TSA") with Consilio, under which we are providing certain post-closing services, support, and facilities to Consilio to facilitate an orderly transfer of the Huron Legal business operations. Billings under the TSA, which we do not consider to be significant, are recorded as a reduction of the costs to provide the respective service, primarily in selling, general and administrative expenses in the consolidated statements of earnings. We expect to provide services under the TSA through the third quarter of 2017 with the scope of services decreasing over the term of the agreement. Other than the TSA, we have no continuing involvement with the Huron Legal segment.

5. Acquisitions

Healthcare Services Management, Inc.

On August 1, 2016, we completed the acquisition of Healthcare Services Management, Inc. ("HSM"), a firm specializing in healthcare information technology and management consulting. The results of operations of HSM have been included in our consolidated financial statements and results of operations of our Huron Healthcare segment from the date of acquisition.

ADI Strategies, Inc.

On May 1, 2016, we completed the acquisition of the U.S. assets of ADI Strategies, Inc. ("ADI Strategies"), a leading enterprise performance management, risk management, and business intelligence firm focused on implementing the Oracle enterprise application suite. The results of operations of ADI Strategies have been included in our consolidated financial statements and the results of operations of our Huron Business Advisory segment from the date of acquisition. We are also in the process of acquiring the international assets of ADI Strategies in Dubai and India, for which we currently expect to sign and close later in the fourth quarter of 2016 or early in 2017.

My Rounding Solutions, LLC

On February 1, 2016, we completed the acquisition of My Rounding Solutions, LLC ("MyRounding"), a Denver, Colorado-based firm specializing in digital health solutions to improve patient care. The MyRounding application is designed to standardize, automate, and track rounding activity, allowing nurses and staff to improve the care and experience of patients in real time. The addition of MyRounding expands the integration of our software and consulting solutions and strengthens our transformation services for healthcare providers. The results of operations of MyRounding have been included in our consolidated financial statements and the results of operations of our Huron Healthcare segment from the date of acquisition.

The acquisitions of HSM, ADI Strategies, and MyRounding are not significant to our consolidated financial statements individually or in the aggregate.

Studer Holdings, Inc.

On February 12, 2015, we acquired 100% of the outstanding stock of Studer Holdings, Inc. (“Studer Group”) from the existing shareholders in accordance with an Agreement and Plan of Merger dated January 26, 2015 (the “Merger Agreement”). Studer Group is a professional services firm that assists healthcare providers achieve cultural transformation to deliver and sustain improvement in clinical outcomes and financial results. The acquisition combines Huron Healthcare’s performance improvement and clinical transformation capabilities with Studer Group’s Evidence-Based LeadershipSM framework to provide leadership and cultural transformation expertise for healthcare provider clients.

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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Tabular amounts in thousands, except per share amounts)
 (Unaudited)

The acquisition date fair value of the consideration transferred for Studer Group was \$325.2 million, which consisted of the following:

Fair value of consideration transferred	
Cash	\$323,237
Common stock	2,204
Net working capital adjustment	(255)
Total consideration transferred	\$325,186

We funded the cash component of the purchase price with cash on hand and borrowings of \$102.0 million under our senior secured credit facility. We issued 28,486 shares of our common stock as part of the consideration transferred, with an acquisition date fair value of \$2.2 million based on the closing price of \$77.35 on the date of acquisition.

The acquisition was accounted for using the acquisition method of accounting. Tangible and identifiable intangible assets acquired and liabilities assumed are recorded at fair value as of the acquisition date. The following table summarizes the allocation of the purchase price to the fair value of assets acquired and liabilities assumed as of the acquisition date.

	Amount
Assets acquired:	
Accounts receivable	\$14,906
Prepaid expenses and other current assets	1,385
Deferred income tax asset	4,335
Property and equipment	4,509
Intangible assets	97,500
Liabilities assumed:	
Accounts payable	760
Accrued expenses and other current liabilities	2,868
Accrued payroll and related benefits	1,574
Deferred revenues	2,449
Deferred income tax liability	21,263
Other non-current liabilities	1,211
Total identifiable net assets	92,510
Goodwill	232,676
Total purchase price	\$325,186

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the acquisition date.

	Fair Value	Useful Life in Years
Customer relationships	\$42,400	9
Customer contracts	25,100	4
Trade name	22,800	5
Technology and software	3,900	3
Publishing content	3,300	3
Total intangible assets subject to amortization	\$97,500	

The weighted average amortization period for the identifiable intangible assets shown above is 6.3 years. Customer relationships and customer contracts represent the fair values of the underlying relationships and agreements with Studer Group customers. The trade name represents the fair value of the brand and name recognition associated with

the marketing of Studer Group's service offerings. Technology and software and publishing content represent the estimated fair values of Studer Group's software and books that are sold to customers. Goodwill is recognized for the excess of purchase price over the net fair

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value of assets acquired and liabilities assumed, and largely reflects the expanded market opportunities expected from combining the service offerings of Huron and Studer Group, as well as the assembled workforce of Studer Group. Goodwill recognized in conjunction with the acquisition of Studer Group was recorded in the Huron Healthcare segment. Goodwill of \$119.5 million is expected to be deductible for income tax purposes.

Studer Group's results of operations have been included in our unaudited consolidated statements of earnings and other comprehensive income and results of operations of our Huron Healthcare segment from the date of acquisition. For the three months ended September 30, 2015, revenues from Studer Group were \$22.3 million and operating income was \$1.6 million, which included \$6.1 million of amortization expense for intangible assets acquired. For the nine months ended September 30, 2015, revenues from Studer Group were \$56.0 million and operating income was \$3.6 million, which included \$15.2 million of amortization expense for intangible assets acquired. In connection with the acquisition of Studer Group, we incurred \$2.1 million of transaction and acquisition-related expenses, \$0.9 million of which were incurred in the fourth quarter of 2014, \$1.0 million of which were incurred in the first quarter of 2015, and the remaining \$0.2 million were incurred in the second quarter of 2015. These costs are recorded in selling, general and administrative expenses in the period in which they were incurred.

The following supplemental pro forma information summarizes the combined results of operations for Huron and Studer Group for the three and nine months ended September 30, 2015 as though the companies were combined on January 1, 2014.

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Revenues	\$ 175,465	\$ 524,732
Net income from continuing operations	\$ 14,507	\$ 30,699
Net income from continuing operations per share - basic	\$ 0.66	\$ 1.39
Net income from continuing operations per share - diluted	\$ 0.64	\$ 1.36

The historical financial information has been adjusted to give effect to pro forma adjustments, which consist of intangible assets amortization expense, acquisition-related costs, interest expense, the related income tax effects, and shares issued as consideration. These adjustments are based upon currently available information and certain assumptions. Therefore, the pro forma consolidated results are not necessarily indicative of what the Company's consolidated results of operations actually would have been had it completed the acquisition on January 1, 2014. The historical results included in the pro forma consolidated results do not purport to project future results of operations of the combined companies nor do they reflect the expected realization of any cost savings or revenue synergies associated with the acquisition.

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6. Goodwill and Intangible Assets

The table below sets forth the changes in the carrying amount of goodwill by reportable segment for the nine months ended September 30, 2016.

	Huron Healthcare	Huron Education and Life Sciences	Huron Business Advisory	Total
Balance as of December 31, 2015:				
Goodwill	\$ 610,264	\$ 102,906	\$ 181,213	\$ 894,383
Accumulated impairment	—	—	(142,983)	(142,983)
Goodwill, net as of December 31, 2015	610,264	102,906	38,230	751,400
Goodwill recorded in connection with business acquisitions	26,522	—	21,824	48,346
Foreign currency translation	—	—	212	212
Goodwill, net as of September 30, 2016	\$ 636,786	\$ 102,906	\$ 60,266	\$ 799,958

Refer to Note 5 "Acquisitions" for additional information on our recent acquisitions.

Intangible assets as of September 30, 2016 and December 31, 2015 consisted of the following:

		September 30, 2016		December 31, 2015	
	Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	4 to 13	\$ 89,282	\$ 31,346	\$ 79,449	\$ 22,360
Customer contracts	1 to 4	27,497	19,541	25,332	11,943
Trade names	5	22,930	10,087	22,800	5,396
Technology and software	3 to 5	9,250	2,536	4,180	1,324
Non-competition agreements	1 to 5	3,685	1,498	3,415	1,498
Publishing content	3	3,300	1,788	3,300	963
Favorable lease contract	3	720	148	—	—
In-process technology	Indefinite	370	—	—	—
Total		\$ 157,034	\$ 66,944	\$ 138,476	\$ 43,484

Identifiable intangible assets with finite lives are amortized over their estimated useful lives. Customer relationships and customer contracts, as well as certain trade names and technology and software, are amortized on an accelerated basis to correspond to the cash flows expected to be derived from the assets. All other intangible assets with finite lives are amortized on a straight-line basis. In connection with the acquisition of MyRounding, we acquired in-process technology which is accounted for as an indefinite-lived intangible asset until the development of the technology is complete, at which point we will determine the useful life and amortize the asset accordingly. Refer to Note 5 "Acquisitions" for additional information on the acquisition of MyRounding.

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Intangible asset amortization expense was \$8.8 million and \$7.9 million for the three months ended September 30, 2016 and 2015, respectively. Intangible assets amortization expense was \$24.4 million and \$20.7 million for the nine months ended September 30, 2016 and 2015, respectively. The table below sets forth the estimated annual amortization expense for the year ending December 31, 2016 and each of the five succeeding years for the definite-lived intangible assets recorded as of September 30, 2016.

Year Ending December 31,	Estimated Amount
2016	\$ 33,122
2017	\$ 30,201
2018	\$ 19,193
2019	\$ 12,626
2020	\$ 7,978
2021	\$ 4,540

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

7. Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period, excluding unvested restricted common stock. Diluted earnings per share reflects the potential reduction in earnings per share that could occur if securities or other contracts to issue common stock were exercised or converted into common stock under the treasury stock method. Such securities or other contracts include unvested restricted stock awards, outstanding common stock options, convertible senior notes, and outstanding warrants, to the extent dilutive. Earnings per share under the basic and diluted computations are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income from continuing operations	\$12,288	\$14,277	\$35,293	\$29,393
Income (loss) from discontinued operations, net of tax	4	5,097	(1,830)	10,316
Net income	\$12,292	\$19,374	\$33,463	\$39,709
Weighted average common shares outstanding – basic	21,076	22,107	21,084	22,151
Weighted average common stock equivalents	369	485	343	465
Weighted average common shares outstanding – diluted	21,445	22,592	21,427	22,616
Net earnings per basic share:				
Net income from continuing operations	\$0.58	\$0.65	\$1.67	\$1.33
Income (loss) from discontinued operations, net of tax	—	0.23	(0.08)	0.46
Net income	\$0.58	\$0.88	\$1.59	\$1.79
Net earnings per diluted share:				
Net income from continuing operations	\$0.57	\$0.63	\$1.65	\$1.30
Income (loss) from discontinued operations, net of tax	—	0.23	(0.09)	0.46
Net income	\$0.57	\$0.86	\$1.56	\$1.76

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The number of anti-dilutive securities excluded from the computation of the weighted average common stock equivalents presented above is shown in the following table.

	As of	
	September	
	30,	
	2016	2015
Unvested restricted stock awards	5	—
Convertible senior notes	3,129	3,129
Warrants related to the issuance of convertible senior notes	3,129	3,129
Total anti-dilutive securities	6,263	6,258

See Note 8 “Financing Arrangements” for further information on the convertible senior notes and warrants related to the issuance of convertible notes.

Our board of directors authorized a share repurchase program pursuant to which we may, from time to time, repurchase up to \$125.0 million of our common stock through October 31, 2016 (the “Share Repurchase Program”). In October 2016, our board of directors authorized an extension of the Share Repurchase Program through October 31, 2017. The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, general market and business conditions, and applicable legal requirements. In the first quarter of 2016, 982,192 shares were repurchased and retired for \$55.3 million. In 2015, 583,880 shares were repurchased and retired for \$34.6 million. As of September 30, 2016, \$35.1 million remains available for share repurchases.

8. Financing Arrangements

A summary of the carrying amounts of our debt is as follows:

	September	December
	30,	31,
	2016	2015
1.25% convertible senior notes due 2019	\$ 221,858	\$ 215,376
Senior secured credit facility	104,000	92,000
Total long-term debt	\$ 325,858	\$ 307,376

A summary of the scheduled maturities of our debt follows:

Scheduled
 Maturities
 of
 Long-Term
 Debt

2019 \$ 250,000

2020 \$ 104,000

Convertible Notes

In September 2014, the Company issued \$250.0 million principal amount of 1.25% convertible senior notes due 2019 (the “Convertible Notes”) in a private offering. The Convertible Notes are governed by the terms of an indenture between the Company and U.S. Bank National Association, as Trustee (the “Indenture”). The Convertible Notes are senior unsecured obligations of the Company and will pay interest semi-annually on April 1 and October 1 of each year at an annual rate of 1.25%. The Convertible Notes will mature on October 1, 2019, unless earlier repurchased by the Company or converted in accordance with their terms.

Upon conversion, the Convertible Notes will be settled, at our election, in cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. Our current intent and policy is to settle conversions with a combination of cash and shares of common stock with the principal amount of the Convertible Notes paid in cash, in accordance with the settlement provisions of the Indenture.

The initial conversion rate for the Convertible Notes is 12.5170 shares of our common stock per \$1,000 principal amount of the Convertible Notes, which is equal to an initial conversion price of approximately \$79.89 per share of our common stock. The conversion rate will be subject to adjustment upon the occurrence of certain specified events but will not be adjusted for

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accrued and unpaid interest, except in certain limited circumstances described in the Indenture. Upon the occurrence of a “make-whole fundamental change” (as defined in the Indenture) the Company will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert its Convertible Notes in connection with such make-whole fundamental change. Additionally, if the Company undergoes a “fundamental change” (as defined in the Indenture), a holder will have the option to require the Company to repurchase all or a portion of its Convertible Notes for cash at a price equal to 100% of the principal amount of the Convertible Notes being repurchased plus any accrued and unpaid interest. As discussed below, the convertible note hedge transactions and warrants, which were entered into in connection with the Convertible Notes, effectively raise the price at which economic dilution would occur from the initial conversion price of approximately \$79.89 to approximately \$97.12 per share.

Holders of the Convertible Notes may convert their Convertible Notes at their option at any time prior to July 1, 2019, only under the following circumstances:

during any calendar quarter (and only during such calendar quarter) commencing after December 31, 2014 if, for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including, the last trading day of the immediately preceding calendar quarter, the last reported sale price of the Company’s common stock for such trading day is equal to or greater than 130% of the applicable conversion price on such trading day;

during the five consecutive business day period immediately following any five consecutive trading day period (such five consecutive trading day period, the “measurement period”) in which, for each trading day of the measurement period, the “trading price” (as defined in the Indenture) per \$1,000 principal amount of the Convertible Notes for such trading day was less than 98% of the product of the last reported sale price of the Company’s common stock for such trading day and the applicable conversion rate on such trading day; or

upon the occurrence of specified corporate transactions described in the Indenture.

On or after July 1, 2019 until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert all or a portion of its Convertible Notes, regardless of the foregoing circumstances.

In accordance with ASC 470, Debt, we have separated the Convertible Notes into liability and equity components. The carrying amount of the liability component was determined by measuring the fair value of a similar liability that does not have an associated convertible feature, assuming our non-convertible debt borrowing rate. The carrying value of the equity component representing the conversion option, which is recognized as a debt discount, was determined by deducting the fair value of the liability component from the proceeds of the Convertible Notes. The debt discount is amortized to interest expense using an effective interest rate of 4.751% over the term of the Convertible Notes. As of September 30, 2016, the remaining life of the Convertible Notes is 3.0 years. The equity component will not be remeasured as long as it continues to meet the conditions for equity classification.

The transaction costs related to the issuance of the Convertible Notes were separated into liability and equity components based on their relative values, as determined above. Transaction costs attributable to the liability component are recorded as a deduction to the carrying amount of the liability and amortized to interest expense over the term of the Convertible Notes; and transaction costs attributable to the equity component are netted with the equity component of the Convertible Notes in stockholders’ equity. Total debt issuance costs were approximately \$7.3 million, of which \$6.2 million was allocated to liability issuance costs and \$1.1 million was allocated to equity issuance costs.

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As of September 30, 2016 and December 31, 2015, the Convertible Notes consisted of the following:

	September 30, 2016	December 31, 2015
Liability component:		
Proceeds	\$250,000	\$250,000
Less: debt discount, net of amortization	(24,425)	(30,007)
Less: debt issuance costs, net of amortization	(3,717)	(4,617)
Net carrying amount	\$221,858	\$215,376
Equity component ⁽¹⁾	\$39,287	\$39,287

(1)Included in Additional paid-in capital on the consolidated balance sheet.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Contractual interest coupon	\$781	\$781	\$2,344	\$2,344
Amortization of debt discount	1,883	1,795	5,582	5,324
Amortization of debt issuance costs	302	295	900	883
Total interest expense	\$2,966	\$2,871	\$8,826	\$8,551

In connection with the issuance of the Convertible Notes, we entered into convertible note hedge transactions and warrant transactions. The convertible note hedge transactions are intended to reduce the potential future economic dilution associated with the conversion of the Convertible Notes and, combined with the warrants, effectively raise the price at which economic dilution would occur from the initial conversion price of approximately \$79.89 to approximately \$97.12 per share. For purposes of the computation of diluted earnings per share in accordance with GAAP, dilution will occur when the average share price of our common stock for a given period exceeds the conversion price of the Convertible Notes, which initially is equal to approximately \$79.89 per share. The convertible note hedge transactions and warrant transactions are discussed separately below.

Convertible Note Hedge Transactions. In connection with the issuance of the Convertible Notes, the Company entered into convertible note hedge transactions whereby the Company has call options to purchase a total of approximately 3.1 million shares of the Company's common stock, which is the number of shares initially issuable upon conversion of the Convertible Notes in full, at a price of approximately \$79.89, which corresponds to the initial conversion price of the Convertible Notes, subject to customary anti-dilution adjustments substantially similar to those in the Convertible Notes. The convertible note hedge transactions are exercisable upon conversion of the Convertible Notes and will expire in 2019 if not earlier exercised. We paid an aggregate amount of \$42.1 million for the convertible note hedge transactions, which was recorded as additional paid-in capital on the consolidated balance sheets. The convertible note hedge transactions are separate transactions and are not part of the terms of the Convertible Notes.

Warrants. In connection with the issuance of the Convertible Notes, the Company sold warrants whereby the holders of the warrants have the option to purchase a total of approximately 3.1 million shares of the Company's common stock at a strike price of approximately \$97.12. The warrants will expire incrementally on 100 different dates from January 6, 2020 to May 28, 2020 and are exercisable at each such expiry date. If the average market value per share of our common stock for the reporting period exceeds the strike price of the warrants, the warrants will have a dilutive

effect on our earnings per share. We received aggregate proceeds of \$23.6 million from the sale of the warrants, which was recorded as additional paid-in capital on the consolidated balance sheets. The warrants are separate transactions and are not part of the terms of the Convertible Notes or the convertible note hedge transactions. The Company recorded an initial deferred tax liability of \$15.4 million in connection with the debt discount associated with the Convertible Notes and recorded an initial deferred tax asset of \$16.5 million in connection with the convertible note hedge

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transactions. The deferred tax liability and deferred tax asset are included in non-current deferred tax liabilities on the consolidated balance sheets.

Senior Secured Credit Facility

The Company has a \$500 million five-year senior secured revolving credit facility, subject to the terms of a Second Amended and Restated Credit Agreement dated as of March 31, 2015 (the "Amended Credit Agreement"), that becomes due and payable in full upon maturity on March 31, 2020. The Amended Credit Agreement provides the option to increase the revolving credit facility or establish term loan facilities in an aggregate amount of up to \$100 million, subject to customary conditions and the approval of any lender whose commitment would be increased, resulting in a maximum available principal amount under the Amended Credit Agreement of \$600 million. The initial borrowings under the Amended Credit Agreement were used to refinance borrowings outstanding under a prior credit agreement, and future borrowings under the Amended Credit Agreement may be used for working capital, capital expenditures, acquisitions of businesses, share repurchases, and general corporate purposes.

Fees and interest on borrowings vary based on our Consolidated Leverage Ratio (as defined in the Amended Credit Agreement). At our option, borrowings under the Amended Credit Agreement will bear interest at one, two, three or six-month LIBOR or an alternate base rate, in each case plus the applicable margin. The applicable margin will fluctuate between 1.25% per annum and 1.75% per annum, in the case of LIBOR borrowings, or between 0.25% per annum and 0.75% per annum, in the case of base rate loans, based upon our Consolidated Leverage Ratio at such time.

Amounts borrowed under the Amended Credit Agreement may be prepaid at any time without premium or penalty. We are required to prepay the amounts outstanding under the Amended Credit Agreement in certain circumstances, including a requirement to pay all amounts outstanding under the Amended Credit Agreement 90 days prior to the Convertible Indebtedness Maturity Date (as defined in the Amended Credit Agreement) unless (1) the Convertible Indebtedness Maturity Date is waived or extended to a later date, (2) the Company can demonstrate (a) Liquidity (as defined in the Amended Credit Agreement) in an amount at least equal to the principal amount due on the Convertible Indebtedness Maturity Date, and (b) financial covenant compliance after giving effect to such payments and any additional indebtedness incurred on a pro forma basis, or (3) this requirement is waived by the Required Lenders (as defined in the Amended Credit Agreement). In addition, we have the right to permanently reduce or terminate the unused portion of the commitments provided under the Amended Credit Agreement at any time.

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

The Amended Credit Agreement contains usual and customary representations and warranties; affirmative and negative covenants, which include limitations on liens, investments, additional indebtedness, and restricted payments; and two quarterly financial covenants as follows: (i) a maximum Consolidated Leverage Ratio (defined as the ratio of debt to consolidated EBITDA) of either 3.25 to 1.00 or 3.50 to 1.00, depending on the measurement period, and (ii) a minimum Consolidated Interest Coverage Ratio (defined as the ratio of consolidated EBITDA to interest) of 3.50 to 1.00. Consolidated EBITDA for purposes of the financial covenants is calculated on a continuing operations basis and includes adjustments to add back share-based compensation costs, certain non-cash restructuring charges, and pro forma historical EBITDA for businesses acquired. At September 30, 2016, we were in compliance with these financial

covenants with a Consolidated Leverage Ratio of 2.08 to 1.00 and a Consolidated Interest Coverage Ratio of 20.89 to 1.00.

Borrowings outstanding under the Amended Credit Agreement at September 30, 2016 totaled \$104.0 million. These borrowings carried a weighted average interest rate of 2.4%, including the effect of the interest rate swap described below in Note 10 "Derivative Instruments and Hedging Activity." Borrowings outstanding under the Amended Credit Agreement at December 31, 2015 were \$92.0 million and carried a weighted average interest rate of 2.4%. The borrowing capacity under the revolving credit facility is reduced by any outstanding borrowings under the revolving credit facility and outstanding letters of credit. At September 30, 2016, we had outstanding letters of credit totaling \$4.7 million, which are primarily used as security deposits for

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our office facilities. As of September 30, 2016, the unused borrowing capacity under the revolving credit facility was \$391.3 million.

9. Restructuring Charges

During the third quarter of 2016, we incurred a \$1.0 million pretax restructuring charge primarily related to our Washington, D.C. space that we vacated in the fourth quarter of 2014. During the third quarter of 2016, we entered into a sublease agreement and adjusted our Washington, D.C. lease accrual to reflect the terms specified in the sublease agreement. During the nine months ended September 30, 2016, we incurred a \$4.1 million pretax restructuring charge, of which \$1.5 million related to updated assumptions for the lease accrual of the Washington, D.C. space, \$1.2 million related to workforce reductions in our Healthcare segment to better align our resources with market demand, \$0.9 million related to workforce reductions in our corporate operations as we adjust our infrastructure to align with our Huron Legal divestiture, and \$0.2 million related to the wind down of our foreign consulting operations based in the Middle East.

During the third quarter of 2015, we incurred a \$0.3 million pretax restructuring charge primarily related to updated assumptions for the lease accrual of the Washington, D.C. space. During the first nine months of 2015, we incurred a \$1.6 million pretax restructuring charge. Of the \$1.6 million charge, \$1.2 million related to workforce reductions to better align our resources with market demand, of which \$1.0 million related to our All Other segment for the wind down of our public sector consulting practice and our foreign consulting operations based in the Middle East and \$0.2 million related to our corporate operations, and \$0.3 million related to updated assumptions for the lease accrual of the Washington, D.C. space.

The table below sets forth the changes in the carrying amount of our restructuring charge liability by restructuring type for the nine months ended September 30, 2016.

	Employee Costs	Office Space Reductions	Other	Total
Balance as of December 31, 2015	\$ 2,323	\$ 6,379	\$ —	\$ 8,702
Additions ⁽¹⁾	3,876	144	473	4,493
Payments	(5,166)	(1,947)	(258)	(7,371)
Adjustments ⁽¹⁾	(242)	1,376	(8)	1,126
Non-cash items	—	(4)	(149)	(153)
Balance as of September 30, 2016 ⁽²⁾	\$ 791	\$ 5,948	\$ 58	\$ 6,797

(1) Additions and adjustments for the nine months ended September 30, 2016 include a total of \$1.6 million related to discontinued operations. Refer to Note 4 "Discontinued Operations" for additional information.

(2) The total restructuring charge liability as of September 30, 2016 includes \$5.0 million related to discontinued operations. Refer to Note 4 "Discontinued Operations" for additional information on our discontinued operations. As of September 30, 2016, our restructuring charge liability related to office space reductions of \$5.9 million represented the present value of remaining lease payments, net of estimated sublease income, for our vacated office spaces in Washington, D.C., Houston, and New York. Of the \$5.9 million restructuring charge liability related to office space reductions, \$2.4 million is expected to be paid in the next 12 months. The \$0.8 million restructuring charge liability related to employee costs is expected to be paid in the next 12 months. The restructuring charge liabilities are included as a component of accrued expenses and deferred compensation and other liabilities.

10. Derivative Instruments and Hedging Activity

On December 8, 2011, we entered into a forward amortizing interest rate swap agreement effective February 29, 2012, which ended April 14, 2016. We entered into this derivative instrument to hedge against the interest rate risks of our

variable-rate borrowings described in Note 8 “Financing Arrangements.” The swap had an initial notional amount of \$56.6 million and amortized throughout the term. Under the terms of the interest rate swap agreement, we received from the counterparty interest on the notional amount based on one-month LIBOR and we paid to the counterparty a fixed rate of 0.9875%.

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On May 30, 2012, we entered into an amortizing interest rate swap agreement effective May 31, 2012, which ended April 14, 2016. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. The swap had an initial notional amount of \$37.0 million and amortized throughout the term. Under the terms of the interest rate swap agreement, we received from the counterparty interest on the notional amount based on one-month LIBOR and we paid to the counterparty a fixed rate of 0.70%.

On April 4, 2013, we entered into a forward amortizing interest rate swap agreement effective March 31, 2014 and ending August 31, 2017. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. The swap had an initial notional amount of \$60.0 million and amortized quarterly until April 2016. Upon expiration of the two interest rate swaps in April 2016 described above, the notional amount of this interest rate swap increased to \$86.0 million and continues to amortize quarterly throughout the remaining term.

Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one-month LIBOR and we pay to the counterparty a fixed rate of 0.985%.

ASC 815, Derivatives and Hedging, requires companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. In accordance with ASC 815, we designated these derivative instruments as cash flow hedges. As such, changes in the fair value of the derivative instruments are recorded as a component of other comprehensive income (“OCI”) to the extent of effectiveness and reclassified into interest expense upon settlement. The ineffective portion of the change in fair value of the derivative instruments is recognized in interest expense. As of September 30, 2016, it was anticipated that all of the losses currently recorded in accumulated other comprehensive income will be reclassified into earnings within the next 12 months. Our interest rate swap agreements were effective during the three and nine months ended September 30, 2016.

The table below sets forth additional information relating to these interest rate swaps designated as cash flow hedging instruments as of September 30, 2016 and December 31, 2015.

Balance Sheet Location	Fair Value (Derivative Asset and Liability)	
	September 30, 2016	December 31, 2015
Other non-current assets	\$ —	\$ 86
Accrued expenses	\$ 200	\$ 242

All of the Company’s derivative instruments are transacted under the International Swaps and Derivatives Association (ISDA) master agreements. These agreements permit the net settlement of amounts owed in the event of default and certain other termination events. Although netting is permitted, it is the Company’s policy to record all derivative assets and liabilities on a gross basis on our consolidated balance sheet. All of the Company’s derivative instruments as of September 30, 2016 and December 31, 2015 were held with the same counterparty.

We do not use derivative instruments for trading or other speculative purposes. Refer to Note 12 “Other Comprehensive Income (Loss)” for additional information on our derivative instruments.

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11. Fair Value of Financial Instruments

Certain of our assets and liabilities are measured at fair value. ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value and requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy consists of three levels based on the objectivity of the inputs as follows:

Level 1 Inputs Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs Unobservable inputs for the asset or liability, and includes situations in which there is little, if any, market activity for the asset or liability.

The table below sets forth our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and December 31, 2015.

	Level 1	Level 2	Level 3	Total
September 30, 2016				
Assets:				
Promissory note	\$ —	\$ —	\$ 2,324	\$ 2,324
Convertible debt investment	—	—	32,932	32,932
Total assets	\$ —	\$ —	\$ 35,256	\$ 35,256
Liabilities:				
Interest rate swap	\$ —	\$ 200	\$ —	\$ 200
Contingent consideration for business acquisitions	—	—	11,311	11,311
Total liabilities	\$ —	\$ 200	\$ 11,311	\$ 11,511
December 31, 2015				
Assets:				
Promissory note	\$ —	\$ —	\$ 2,309	\$ 2,309
Convertible debt investment	—	—	34,831	34,831
Total assets	\$ —	\$ —	\$ 37,140	\$ 37,140
Liabilities:				
Interest rate swaps	\$ —	\$ 156	\$ —	\$ 156
Contingent consideration for business acquisition	—	—	2,063	2,063
Total liabilities	\$ —	\$ 156	\$ 2,063	\$ 2,219

Promissory note: As part of the consideration received for the sale of our Accounting Advisory practice on December 30, 2011, the Company received a \$3.5 million promissory note payable over four years. During the second quarter of 2014, we agreed to amend and restate the note such that principal payments will be paid to us annually based on the amount of excess cash flows earned each year by the maker of the note until the maturity date of December 31, 2018, at which time the remaining principal balance and any accrued interest is due. The fair value of

the note is based on the net present value of the projected cash flows using a discount rate of 17%, which accounts for the risks associated with the note. The increase in the fair value of the note during the first nine months of 2016 reflects the accretion of interest income in excess of interest payments received, partially offset by updated cash flow assumptions. As of September 30, 2016, \$0.5 million is recorded in prepaid expenses and other current assets and represents the present value of the payments expected to be received in the next 12 months, and the remaining \$1.8 million is recorded in other non-current assets.

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

Convertible debt investment: In 2014 and 2015, we invested \$27.9 million, in the form of zero coupon convertible debt, in Shorelight Holdings, LLC (“Shorelight”), the parent company of Shorelight Education, a U.S.-based company that partners with leading nonprofit universities to increase access to and retention of international students, boost institutional growth, and enhance an institution’s global footprint. The notes will mature on July 1, 2020, unless converted earlier.

To determine the appropriate accounting treatment for our investment, we performed a variable interest entity (“VIE”) analysis and concluded that Shorelight does not meet the definition of a VIE. We also reviewed the characteristics of our investment to confirm that the convertible notes are not in-substance common stock that would warrant equity method accounting. After we reviewed the terms of the investment, we concluded the appropriate accounting treatment to be that of an available-for-sale debt security in accordance with ASC 320, Investments – Debt and Equity Securities.

The investment is carried at fair value with unrealized holding gains and losses excluded from earnings and reported in other comprehensive income. We estimated the fair value of our investment using a Monte Carlo simulation model, cash flow projections discounted at a risk-adjusted rate, and certain assumptions related to equity volatility, default probability, and recovery rate, all of which are Level 3 inputs. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the investment, which would result in different impacts to our consolidated balance sheet and comprehensive income. Actual results may differ from our estimates. During the first nine months of 2016, we updated our discounted cash flow model to reflect current cash flow projections, resulting in an unrealized pretax loss of \$1.9 million, which was recorded in other comprehensive income. The fair value of the convertible debt investment is recorded in long-term investment.

Contingent consideration for business acquisitions: We estimate the fair value of acquisition-related contingent consideration using either a probability-weighted discounted cash flow model or a Monte Carlo simulation model, as appropriate. These fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements. The significant unobservable inputs used in the fair value measurements of our contingent consideration are our measures of the estimated payouts based on internally generated financial projections on a probability-weighted basis and discount rates, which typically reflect a risk-free rate. The fair value of the contingent consideration is reassessed quarterly based on assumptions used in our latest projections and input provided by our practice leaders and management. Any change in the fair value estimate is recorded in the earnings of that period.

In the first and third quarters of 2016, we recorded initial contingent consideration liabilities of \$6.5 million and \$2.3 million, respectively, for acquisitions completed in those quarters. In addition, during the third quarter of 2016, we increased the fair value of our contingent consideration liabilities due to updated financial projections and the passage of time, resulting in a remeasurement loss of \$0.5 million, which is recorded in other losses, net in statement of earnings. Refer to Note 5 “Acquisitions” for information on the acquisitions completed in the first nine months of 2016. At September 30, 2016, the current portion of the contingent consideration liabilities is recorded in accrued expenses and the long-term portion is recorded in deferred compensation and other liabilities.

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

Senior Secured Credit Facility

The carrying value of borrowings outstanding under our senior secured credit facility is stated at cost. Our carrying value approximates fair value, using Level 2 inputs, as the senior secured credit facility bears interest at variable rates based on market rates as set forth in the Amended Credit Agreement. Refer to Note 8 “Financing Arrangements.”

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Convertible Notes

The carrying amount and estimated fair value of the Convertible Notes are as follows:

	September 30, 2016		December 31, 2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
1.25% convertible senior notes due 2019	\$221,858	\$252,310	\$215,376	\$248,010

The differences between the \$250.0 million principal amount of the Convertible Notes and the carrying amounts shown above represent the unamortized debt discount and issuance costs. As of September 30, 2016 and December 31, 2015, the carrying value of the equity component of \$39.3 million was unchanged from the date of issuance. Refer to Note 8 "Financing Arrangements" for additional details on our Convertible Notes. The estimated fair value of the Convertible Notes was determined based on the quoted bid price of the Convertible Notes in an over-the-counter market, which is a Level 2 input, on the last day of trading for the quarters ended September 30, 2016 and December 31, 2015.

Based on the closing price of our common stock of \$59.76 on September 30, 2016, the if-converted value of the Convertible Notes was less than the \$250.0 million principal amount.

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

We hold our cash in accounts at multiple third-party financial institutions. These deposits, at times, may exceed federally insured limits. We review the credit ratings of these financial institutions, regularly monitor the cash balances in these accounts, and adjust the balances as appropriate. However, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets.

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12. Other Comprehensive Income (Loss)

The tables below set forth the components of other comprehensive income (loss), net of tax, for the three and nine months ended September 30, 2016 and 2015.

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Before Taxes	Tax (Expense) Benefit	Net of Taxes	Before Taxes	Tax (Expense) Benefit	Net of Taxes
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$50	\$ —	\$50	\$(613)	\$ (2)	\$(615)
Unrealized loss on investment	\$(3,329)	\$ 1,291	\$(2,038)	\$ —	\$ —	\$ —
Unrealized gain (loss) on cash flow hedges:						
Change in fair value	\$96	\$ (35)	\$61	\$(346)	\$ 137	\$(209)
Reclassification adjustments into earnings	101	(41)	60	196	(78)	118
Net unrealized gain (loss)	\$197	\$ (76)	\$121	\$(150)	\$ 59	\$(91)
Other comprehensive income (loss)	\$(3,082)	\$ 1,215	\$(1,867)	\$(763)	\$ 57	\$(706)
	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Before Taxes	Tax (Expense) Benefit	Net of Taxes	Before Taxes	Tax (Expense) Benefit	Net of Taxes
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$52	\$ —	\$52	\$(228)	\$ 27	\$(201)
Unrealized gain (loss) on investment	\$(1,899)	\$ 736	\$(1,163)	\$6,661	\$(2,526)	\$4,135
Unrealized gain (loss) on cash flow hedges:						
Change in fair value	\$(367)	\$ 146	\$(221)	\$(1,036)	\$412	\$(624)
Reclassification adjustments into earnings	323	(129)	194	619	(247)	372
Net unrealized loss	\$(44)	\$ 17	\$(27)	\$(417)	\$ 165	\$(252)
Other comprehensive income (loss)	\$(1,891)	\$ 753	\$(1,138)	\$6,016	\$(2,334)	\$3,682

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

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

	Foreign Currency Translation Adjustments	Net Unrealized Gain on Investment	Net Unrealized Loss on Derivatives	Accumulated Comprehensive Income	Other
Balance, December 31, 2015	\$ (517)	\$ 4,185	\$ (83)	\$ 3,585	
Current period change	52	(1,163)	(27)	(1,138)	
Balance, September 30, 2016	\$ (465)	\$ 3,022	\$ (110)	\$ 2,447	

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13. Income Taxes

The Company's effective tax rates for the three months ended September 30, 2016 and 2015 were 37.2% and 40.6%, respectively. The Company's effective tax rates for the nine months ended September 30, 2016 and 2015 were 35.6% and 42.4%, respectively. The effective tax rate for the three months ended September 30, 2016 was lower than the statutory rate, inclusive of state income taxes, primarily due to non-taxable income, valuation allowance reductions, and certain credits and deductions, partially offset by non-deductible business expenses. The effective tax rate for the nine months ended September 30, 2016 was lower than the statutory rate, inclusive of state income taxes, primarily due to the year-to-date impact of a discrete favorable adjustment to our state tax rate in the second quarter of 2016, non-taxable income, valuation allowance reductions, certain credits and deductions, and a discrete tax benefit related to share-based compensation, partially offset by non-deductible business expenses.

The effective tax rate for the three months ended September 30, 2015 was higher than the statutory tax rate, inclusive of state income taxes, primarily due to non-deductible business expenses and foreign losses with no tax benefit, partially offset by certain credits and deductions. The effective tax rate for the nine months ended September 30, 2015 was higher than the statutory rate, inclusive of state income taxes, primarily due to non-deductible expenses, foreign losses with no tax benefit, and an increase in our valuation allowance.

As of September 30, 2016, we had \$2.4 million in unrecognized tax benefits related to positions taken on our tax returns for discontinued operations. While such tax returns remain subject to audit by tax authorities, it is reasonably possible that unrecognized tax benefits may decrease by \$2.4 million over the next 12 months due to the expiration of statute of limitations. Refer to Note 4 "Discontinued Operations" for additional information on our discontinued operations.

14. Commitments, Contingencies and Guarantees

Litigation

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

Guarantees and Indemnification

Guarantees in the form of letters of credit totaling \$4.7 million and \$4.8 million were outstanding at September 30, 2016 and December 31, 2015, respectively, primarily to support certain office lease obligations.

In connection with certain business acquisitions, we may be required to pay post-closing consideration to the sellers of those businesses if specific financial performance targets are met over a number of years as specified in the related purchase agreements. As of September 30, 2016 and December 31, 2015, the total estimated fair value of our contingent consideration liabilities was \$11.3 million and \$2.1 million, respectively.

To the extent permitted by law, our bylaws and articles of incorporation require that we indemnify our officers and directors against judgments, fines, and amounts paid in settlement, including attorneys' fees, incurred in connection with civil or criminal action or proceedings, as it relates to their services to us if such person acted in good faith.

Although there is no limit on the amount of indemnification, we may have recourse against our insurance carrier for certain payments made.

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15. Segment Information

Segments are defined by ASC 280, Segment Reporting, as components of a company that engage in business activities from which they may earn revenues and incur expenses, and for which separate financial information is available and is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker manages the business under four operating segments, which are our reportable segments: Huron Healthcare, Huron Education and Life Sciences, Huron Business Advisory, and All Other.

•Huron Healthcare

Our Huron Healthcare segment provides strategic advisory, consulting, and technology solutions to national and regional hospitals and integrated health systems, academic medical centers, community hospitals, and physician practices. We deliver solutions to address challenges in the rapidly evolving healthcare environment to improve quality and patient outcomes, increase revenue, reduce expenses, and enhance physician, patient, and employee satisfaction across the healthcare enterprise. By partnering with healthcare organizations, we design solutions that teach providers how to achieve cultural transformation and deliver and sustain improvement in clinical outcomes and financial results. Our people provide a depth of expertise across the healthcare industry, and our culture of collaboration extends to our client engagements, enabling teams to effectively implement successful client projects.

•Huron Education and Life Sciences

Our Huron Education and Life Sciences segment provides management consulting services and technology solutions to the higher education, academic medical center, pharmaceutical and medical device, and research industries. We work with our clients to develop and implement strategic priorities, performance improvement, technology, and research enterprise solutions to help them address challenges relating to financial management, strategy, operational and organizational effectiveness, research administration, and regulatory compliance.

•Huron Business Advisory

Our Huron Business Advisory segment provides services to the C-suite of middle market and large organizations, lending institutions, law firms, investment banks, and private equity firms. We assist clients in a broad range of industries and across the spectrum from healthy, well-capitalized companies to organizations in transition, and to creditors, owners, and other key constituents. Our Business Advisory practice resolves complex business issues and enhances client enterprise value through a suite of services including capital advisory, transaction advisory, operational improvement, restructuring and turnaround, valuation, and dispute advisory. Our Enterprise Performance Management and Analytics practice delivers solutions that enable organizations to manage and optimize their financial performance, operational efficiency, and client experience. With expertise in full-service enterprise performance management (EPM), business analytics, customer relationship management (CRM), and big data professional services, Huron's global presence and remote delivery capabilities help clients drive results and gain a competitive advantage.

•All Other

Our All Other segment consists of any line of business not managed by our other operating segments. These businesses included our public sector consulting practice and our foreign consulting operations based in the Middle East, both of which we wound down in 2015.

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, certain office facility costs, costs relating to accounting and finance, human resources, legal, marketing, information technology, and Company-wide business development functions, as well as costs related to overall corporate management.

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The table below sets forth information about our operating segments for the three and nine months ended September 30, 2016 and 2015, along with the items necessary to reconcile the segment information to the totals reported in the accompanying consolidated financial statements. Refer to Note 4 "Discontinued Operations" for information on the divestiture of the Huron Legal segment in 2015.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Huron Healthcare:				
Revenues	\$103,425	\$112,114	\$323,531	\$328,624
Operating income	\$38,824	\$47,609	\$119,229	\$122,120
Segment operating income as a percentage of segment revenues	37.5	% 42.5	% 36.9	% 37.2
Huron Education and Life Sciences:				
Revenues	\$45,696	\$42,056	\$134,050	\$124,892
Operating income	\$12,124	\$10,473	\$35,407	\$35,427
Segment operating income as a percentage of segment revenues	26.5	% 24.9	% 26.4	% 28.4
Huron Business Advisory:				
Revenues	\$34,279	\$21,249	\$90,567	\$59,173
Operating income	\$7,380	\$5,231	\$19,342	\$13,514
Segment operating income as a percentage of segment revenues	21.5	% 24.6	% 21.4	% 22.8
All Other:				
Revenues	\$—	\$46	\$—	\$1,221
Operating loss	\$—	\$(132)	\$—	\$(1,654)
Segment operating loss as a percentage of segment revenues	N/M	N/M	N/M	N/M
Total Company:				
Revenues	\$183,400	\$175,465	\$548,148	\$513,910
Reimbursable expenses	19,093	16,091	54,636	53,266
Total revenues and reimbursable expenses	\$202,493	\$191,556	\$602,784	\$567,176
Statements of Earnings reconciliation:				
Segment operating income	\$58,328	\$63,181	\$173,978	\$169,407
Items not allocated at the segment level:				
Other operating expenses and losses, net	26,996	26,587	85,089	84,332
Depreciation and amortization expense	8,092	6,538	23,064	18,286
Other expense, net	3,687	6,038	11,034	15,776
Income from continuing operations before income tax expense	\$19,553	\$24,018	\$54,791	\$51,013

N/M – Not Meaningful

At September 30, 2016 and December 31, 2015, no single client accounted for greater than 10% of our combined receivables and unbilled services balances. During the three and nine months ended September 30, 2016 and 2015, no single client generated greater than 10% of our consolidated revenues.

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

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

Statements in this Quarterly Report on Form 10-Q that are not historical in nature, including those concerning the Company's current expectations about its future requirements and needs, are "forward-looking" statements as defined in Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by words such as "may," "should," "expects," "provides," "anticipates," "assumes," "can," "will," "meets," "could," "likely," "intends," "might," "predicts," "seeks," "would," "estimates," "plans," "continues," or "outlook" or similar expressions. These forward-looking statements reflect our current expectations about our future requirements and needs, results, levels of activity, performance, or achievements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: failure to achieve expected utilization rates, billing rates, and the number of revenue-generating professionals; inability to expand or adjust our service offerings in response to market demands; our dependence on renewal of client-based services; dependence on new business and retention of current clients and qualified personnel; failure to maintain third-party provider relationships and strategic alliances; inability to license technology to and from third parties; the impairment of goodwill; various factors related to income and other taxes; difficulties in successfully integrating the businesses we acquire and achieving expected benefits from such acquisitions; risks relating to privacy, information security, and related laws and standards; and a general downturn in market conditions. These forward-looking statements involve known and unknown risks, uncertainties, and other factors, including, among others, those described under "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2015 that may cause actual results, levels of activity, performance or achievements to be materially different from any anticipated results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. We disclaim any obligation to update or revise any forward-looking statements as a result of new information or future events, or for any other reason.

OVERVIEW

Our Business

Huron is a global professional services firm focused on assisting clients with their most complex business issues by delivering high-value, quality solutions to support their long-term strategic objectives. We specialize in serving clients in the healthcare, higher education, life sciences, and commercial sectors as these organizations face significant transformational change and regulatory or economic pressures in dynamic market environments. With our deep industry and technical expertise, we provide advisory, consulting, technology, and analytic solutions to deliver sustainable and measurable results. We provide consulting services to a wide variety of both financially sound and distressed organizations, including healthcare organizations, leading academic institutions, Fortune 500 companies, and governmental entities. Huron has worked with more than 450 health systems, hospitals, and academic medical centers and more than 400 universities and research institutions.

We provide professional services through four operating segments: Huron Healthcare, Huron Education and Life Sciences, Huron Business Advisory and All Other.

•Huron Healthcare

Our Huron Healthcare segment provides strategic advisory, consulting, and technology solutions to national and regional hospitals and integrated health systems, academic medical centers, community hospitals, and physician practices. We deliver solutions to address challenges in the rapidly evolving healthcare environment to improve quality and patient outcomes, increase revenue, reduce expenses, and enhance physician, patient, and employee satisfaction across the healthcare enterprise. By partnering with healthcare organizations, we design solutions that teach providers how to achieve cultural transformation and deliver and sustain improvement in clinical outcomes and financial results. Our people provide a depth of expertise across the healthcare industry, and our culture of

collaboration extends to our client engagements, enabling teams to effectively implement successful client projects.

•Huron Education and Life Sciences

Our Huron Education and Life Sciences segment provides management consulting services and technology solutions to the higher education, academic medical center, pharmaceutical and medical device, and research industries. We work with our clients to develop and implement strategic priorities, performance improvement, technology, and research enterprise solutions to help them address challenges relating to financial management, strategy, operational and organizational effectiveness, research administration, and regulatory compliance.

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•Huron Business Advisory

Our Huron Business Advisory segment provides services to the C-suite of middle market and large organizations, lending institutions, law firms, investment banks, and private equity firms. We assist clients in a broad range of industries and across the spectrum from healthy, well-capitalized companies to organizations in transition, and to creditors, owners, and other key constituents. Our Business Advisory practice resolves complex business issues and enhances client enterprise value through a suite of services including capital advisory, transaction advisory, operational improvement, restructuring and turnaround, valuation, and dispute advisory. Our Enterprise Performance Management and Analytics practice delivers solutions that enable organizations to manage and optimize their financial performance, operational efficiency, and client experience. With expertise in full-service enterprise performance management (EPM), business analytics, customer relationship management (CRM), and big data professional services, Huron's global presence and remote delivery capabilities help clients drive results and gain a competitive advantage.

•All Other

Our All Other segment consists of any line of business not managed by our other operating segments. These businesses included our public sector consulting practice and our foreign consulting operations based in the Middle East, both of which we wound down in 2015.

Acquisitions

Healthcare Services Management, Inc.

On August 1, 2016, we completed our acquisition of Healthcare Services Management, Inc. ("HSM"), a firm specializing in healthcare information technology and management consulting. HSM, based in Quincy, Massachusetts, helps healthcare providers maximize operational efficiencies through the adoption and optimization of IT and enterprise technology solutions. The acquisition strengthens Huron's IT and electronic health record consulting services. The results of operations of HSM have been included in our consolidated financial statements and results of operations of our Huron Healthcare segment from the date of acquisition.

ADI Strategies, Inc.

On May 1, 2016, we completed our acquisition of the U.S. assets of ADI Strategies, Inc. ("ADI Strategies"). Based in San Francisco, California, ADI Strategies is a leading enterprise performance management, risk management, and business intelligence firm focused on implementing the Oracle enterprise application suite. The results of operations of ADI Strategies have been included in our consolidated financial statements and the results of operations of our Huron Business Advisory segment from the date of acquisition. We are also in the process of acquiring the international assets of ADI Strategies in Dubai and India, for which we currently expect to sign and close later in the fourth quarter of 2016 or early in 2017.

My Rounding Solutions, LLC

On February 1, 2016, we completed our acquisition of My Rounding Solutions, LLC ("MyRounding"), a Denver, Colorado-based firm specializing in digital health solutions to improve patient care. The MyRounding application is designed to standardize, automate and track rounding activity, allowing nurses and staff to improve the care and experience of patients in real time. The addition of MyRounding expands the integration of our software and consulting solutions and strengthens our transformation services for healthcare providers. The results of operations of MyRounding have been included in our consolidated financial statements and segment operating results of our Huron Healthcare segment from the date of acquisition.

How We Generate Revenues

A large portion of our revenues is generated by our full-time consultants who provide consulting services to our clients and are billable to our clients based on the number of hours worked. A smaller portion of our revenues is generated by our other professionals, also referred to as full-time equivalents, many of whom work variable schedules as needed by our clients. Full-time equivalent professionals consist of our cultural transformation consultants from our Studer Group solution, which include coaches and their support staff, specialized finance and operational consultants,

and our employees who provide software support and maintenance services to our clients. We translate the hours that these other professionals work on client engagements into a full-time equivalent measure that we use to manage our business. We refer to our full-time consultants and other professionals collectively as revenue-generating professionals.

Revenues generated by our full-time consultants are primarily driven by the number of consultants we employ and their utilization rates, as well as the billing rates we charge our clients. Revenues generated by our other professionals, or full-time equivalents, are largely dependent on the number of consultants we employ, their hours worked, and billing rates charged. Revenues generated by our

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coaches are largely dependent on the number of coaches we employ and the total value, scope, and terms of the consulting contracts under which they provide services, which are primarily fixed-fee contracts.

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

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

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

Fixed-fee engagements represented 44.5% and 59.9% of our revenues for the three months ended September 30, 2016 and 2015, respectively, and 48.5% and 58.0% of our revenues for the nine months ended September 30, 2016 and 2015, respectively.

Time-and-expense billing arrangements require the client to pay based on the number of hours worked by our revenue-generating professionals at agreed upon rates. Time-and-expense arrangements also include certain speaking engagements, conferences, and publication orders purchased by our clients outside of Partner Contracts within our Studer Group solution. We recognize revenues under time-and-expense billing arrangements as the related services or publications are provided. Time-and-expense engagements represented 42.2% and 29.7% of our revenues for the three months ended September 30, 2016 and 2015, respectively, and 37.6% and 28.8% of our revenues for the nine months ended September 30, 2016 and 2015, respectively.

In performance-based fee billing arrangements, fees are tied to the attainment of contractually defined objectives. We enter into performance-based engagements in essentially two forms. First, we generally earn fees that are directly related to the savings formally acknowledged by the client as a result of adopting our recommendations for improving operational and cost effectiveness in the areas we review. Second, we have performance-based engagements in which we earn a success fee when and if certain predefined outcomes occur. Often, performance-based fees supplement our time-and-expense or fixed-fee engagements. We do not recognize revenues under performance-based billing arrangements until all related performance criteria are met. Performance-based fee revenues represented 8.2% and 5.9% of our revenues for the three months ended September 30, 2016 and 2015, respectively, and 9.1% and 8.6% of our revenues for the nine months ended September 30, 2016 and 2015, respectively. Performance-based fee engagements may cause significant variations in quarterly revenues and operating results depending on the timing of achieving the performance-based criteria.

Clients that have purchased one of our software licenses can pay an annual fee for software support and maintenance. We also generate subscription revenue from our cloud-based analytic tools and solutions. Software support and maintenance and subscription-based revenues are recognized ratably over the support or subscription period, which ranges from one to three years. These fees are billed in advance and included in deferred revenues until recognized.

Software support and maintenance and subscription-based revenues represented 5.1% and 4.5% of our revenues for the three months ended September 30, 2016 and 2015, respectively, and 4.8% and 4.6% of our revenues for the nine months ended September 30, 2016 and 2015, respectively.

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

Time-and-expense engagements do not provide us with a high degree of predictability as to performance in future periods. Unexpected changes in the demand for our services can result in significant variations in utilization and revenues and present a challenge to

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optimal hiring and staffing. Moreover, our clients typically retain us on an engagement-by-engagement basis, rather than under long-term recurring contracts. The volume of work performed for any particular client can vary widely from period to period.

Business Strategy, Opportunities and Challenges

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

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

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RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected segment and consolidated operating results and other operating data. 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 costs include corporate costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment. The results of operations for acquired businesses have been included in our results of operations since the date of their respective acquisition.

Segment and Consolidated Operating Results (in thousands, except per share amounts):	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Huron Healthcare:				
Revenues	\$103,425	\$112,114	\$323,531	\$328,624
Operating income	\$38,824	\$47,609	\$119,229	\$122,120
Segment operating income as a percentage of segment revenues	37.5	% 42.5	% 36.9	% 37.2
Huron Education and Life Sciences:				
Revenues	\$45,696	\$42,056	\$134,050	\$124,892
Operating income	\$12,124	\$10,473	\$35,407	\$35,427
Segment operating income as a percentage of segment revenues	26.5	% 24.9	% 26.4	% 28.4
Huron Business Advisory:				
Revenues	\$34,279	\$21,249	\$90,567	\$59,173
Operating income	\$7,380	\$5,231	\$19,342	\$13,514
Segment operating income as a percentage of segment revenues	21.5	% 24.6	% 21.4	% 22.8
All Other:				
Revenues	\$—	\$46	\$—	\$1,221
Operating loss	\$—	\$(132)	\$—	\$(1,654)
Segment operating loss as a percentage of segment revenues	N/M	N/M	N/M	N/M
Total Company:				
Revenues	\$183,400	\$175,465	\$548,148	\$513,910
Reimbursable expenses	19,093	16,091	54,636	53,266
Total revenues and reimbursable expenses	\$202,493	\$191,556	\$602,784	\$567,176
Statements of Earnings reconciliation:				
Segment operating income	\$58,328	\$63,181	\$173,978	\$169,407
Items not allocated at the segment level:				
Other operating expenses and losses, net	26,996	26,587	85,089	84,332
Depreciation and amortization expense	8,092	6,538	23,064	18,286
Total operating income	23,240	30,056	65,825	66,789
Other expense, net	(3,687)	(6,038)	(11,034)	(15,776)
Income from continuing operations before income tax expense	19,553	24,018	54,791	51,013
Income tax expense	7,265	9,741	19,498	21,620
Net income from continuing operations	\$12,288	\$14,277	\$35,293	\$29,393
Earnings per share from continuing operations:				
Basic	\$0.58	\$0.65	\$1.67	\$1.33
Diluted	\$0.57	\$0.63	\$1.65	\$1.30

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	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Other Operating Data (excluding All Other):				
Number of full-time billable consultants (at period end) ⁽¹⁾ :				
Huron Healthcare	1,010	1,084	1,010	1,084
Huron Education and Life Sciences	539	458	539	458
Huron Business Advisory	472	279	472	279
Total	2,021	1,821	2,021	1,821
Average number of full-time billable consultants (for the period) ⁽¹⁾ :				
Huron Healthcare	984	1,078	1,005	1,092
Huron Education and Life Sciences	523	444	503	431
Huron Business Advisory	454	261	387	224
Total	1,961	1,783	1,895	1,747
Full-time billable consultant utilization rate ⁽²⁾ :				
Huron Healthcare	77.0 %	81.1 %	78.6 %	76.4 %
Huron Education and Life Sciences	67.6 %	75.2 %	70.1 %	75.9 %
Huron Business Advisory	74.8 %	79.4 %	74.0 %	75.2 %
Total	73.9 %	79.4 %	75.3 %	76.1 %
Full-time billable consultant average billing rate per hour ⁽³⁾ :				
Huron Healthcare	\$203	\$204	\$209	\$215
Huron Education and Life Sciences	\$231	\$227	\$229	\$230
Huron Business Advisory ⁽⁴⁾	\$190	\$196	\$201	\$234
Total	\$207	\$209	\$212	\$221
Revenue per full-time billable consultant (in thousands):				
Huron Healthcare	\$73	\$77	\$231	\$230
Huron Education and Life Sciences	\$75	\$80	\$233	\$248
Huron Business Advisory	\$69	\$77	\$220	\$254
Total	\$72	\$78	\$229	\$238
Average number of full-time equivalents (for the period) ⁽⁵⁾ :				
Huron Healthcare	204	196	201	171
Huron Education and Life Sciences	42	49	40	40
Huron Business Advisory	23	10	16	8
Total	269	255	257	219
Revenue per full-time equivalent (in thousands):				
Huron Healthcare	\$156	\$148	\$456	\$449
Huron Education and Life Sciences	\$156	\$133	\$428	\$455
Huron Business Advisory	\$126	\$112	\$339	\$301
Total	\$154	\$144	\$444	\$445

⁽¹⁾ Consists of our full-time professionals who provide consulting services and generate revenues based on the number of hours worked.

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

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

The Huron Business Advisory segment includes our India EPM&A practice, formerly known as Rittman Mead Consulting Private Limited ("Rittman Mead India"), a business that we acquired in July 2015. Absent the impact of (4) our India EPM&A practice, the average billing rate per hour for Huron Business Advisory for the nine months ended September 30, 2016 and 2015 would have been \$234 and \$255 per hour, respectively.

Consists of cultural transformation consultants within our Studer Group solution, which include coaches and their (5) support staff, consultants who work variable schedules as needed by our clients, and full-time employees who provide software support and maintenance services to our clients.

N/M - Not meaningful

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Non-GAAP Measures

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2016	2015	2016	2015	
Revenues	\$183,400	\$175,465	\$548,148	\$513,910	
Net income from continuing operations	\$12,288	\$14,277	\$35,293	\$29,393	
Add back:					
Income tax expense	7,265	9,741	19,498	21,620	
Interest and other expenses	3,687	6,038	11,034	15,776	
Depreciation and amortization	12,144	11,276	34,342	30,388	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	35,384	41,332	100,167	97,177	
Add back:					
Restructuring charges	1,049	320	4,129	1,577	
Other losses, net	494	—	494	524	
Adjusted EBITDA	\$36,927	\$41,652	\$104,790	\$99,278	
Adjusted EBITDA as a percentage of revenues	20.1	% 23.7	% 19.1	% 19.3	%
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2016	2015	2016	2015	
Net income from continuing operations	\$12,288	\$14,277	\$35,293	\$29,393	
Weighted average shares – diluted	21,445	22,592	21,427	22,616	
Diluted earnings per share from continuing operations	\$0.57	\$0.63	\$1.65	\$1.30	
Add back:					
Amortization of intangible assets	8,771	7,913	24,369	20,685	

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Restructuring charges	1,049	320	4,129	1,577
Other losses, net	494	—	494	524
Non-cash interest on convertible notes	1,883	1,795	5,582	5,324
Tax effect	(4,794)	(3,951)	(13,588)	(11,075)
Total adjustments, net of tax	7,403	6,077	20,986	17,035
Adjusted net income from continuing operations	\$19,691	\$20,354	\$56,279	\$46,428
Adjusted diluted earnings per share from continuing operations	\$0.92	\$0.90	\$2.63	\$2.05

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

Restructuring charges: We have incurred charges due to the restructuring of various parts of our business. These restructuring charges have primarily consisted of costs associated with office space consolidations, including the accelerated depreciation of certain leasehold improvements, and severance charges. We have excluded the effect of the restructuring charges from our non-GAAP measures because the amount of each restructuring charge is significantly affected by the timing and size of the restructured business or component of a business.

Other losses, net: We have excluded the effects of remeasurement gains and losses related to contingent acquisition liabilities as well as the litigation loss recorded in the second quarter of 2015 to permit comparability with periods that were not impacted by these items.

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

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

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

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

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Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

Revenues

Revenues increased \$7.9 million, or 4.5%, to \$183.4 million for the third quarter of 2016 from \$175.5 million for the third quarter of 2015. Third quarter 2016 revenues included \$17.1 million from our acquisitions of Cloud62, Inc. ("Cloud62"), MyRounding, ADI Strategies, and HSM, all of which were completed subsequent to the third quarter of 2015.

Of the overall \$7.9 million increase in revenues, \$3.0 million was attributable to our full-time billable consultants and \$4.9 million was attributable to our full-time equivalents.

The increase in full-time billable consultant revenues reflected an increase in the average number of billable consultants, partially offset by decreases in the consultant utilization rate and average billing rate. As discussed below in Segment Results, this increase in revenue attributable to our full-time billable consultants reflected our acquisitions within the Huron Business Advisory and Huron Healthcare segments and strengthened demand for our services in the Huron Education and Life Sciences segment, partially offset by decreased demand for our services in the Huron Healthcare segment.

The increase in revenues from our full-time equivalents reflected increases in both revenue per full-time equivalent and the average number of full-time equivalents.

Total Direct Costs

Our total direct costs, including amortization of intangible assets and software development costs, increased \$12.8 million, or 12.9%, to \$112.4 million in the three months ended September 30, 2016, from \$99.6 million in the three months ended September 30, 2015. The \$12.8 million increase primarily related to a \$12.2 million increase in salaries and related expenses for our revenue-generating professionals, which was largely driven by increased headcount from acquisitions and our ongoing cloud-based enterprise resource planning (ERP) investment, and a \$3.3 million increase in performance bonus expense for our revenue-generating professionals, which was primarily the result of a significant performance bonus adjustment in the third quarter of 2015 to decrease our year-to-date performance bonus accrual due to a revised full year forecast at that time. These increases to total direct costs were partially offset by a \$1.3 million decrease in share-based compensation expense for our revenue-generating professionals and a \$0.7 million decrease in intangible asset amortization expense. As a percentage of revenues, our total direct costs increased to 61.3% during the third quarter of 2016 compared to 56.7% during the third quarter of 2015, primarily due to the items described above.

Total direct costs for the three months ended September 30, 2016 included \$4.1 million of amortization expense for intangible assets, primarily representing customer contracts and software acquired in business combinations, and internal software development costs, compared to \$4.7 million of amortization expense for the same prior year period. The \$0.7 million decrease in amortization expense was primarily attributable to the decreasing amortization expense of customer contracts acquired in our Studer Group acquisition, due to the accelerated basis of amortization, partially offset by amortization of intangible assets acquired in the ADI Strategies and HSM acquisitions, which we completed in the second and third quarters of 2016, respectively. See Note 5 "Acquisitions" and Note 6 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information about our intangible assets.

Operating Expenses and Other Losses, Net

Selling, general and administrative expenses decreased \$1.0 million, or 2.5%, to \$38.3 million in the third quarter of 2016 from \$39.2 million in the third quarter of 2015. The \$1.0 million decrease primarily related to a \$0.8 million decrease in legal expenses, a \$0.8 million decrease in recruiting expenses, a \$0.6 million decrease in facilities and other office-related expenses, a \$0.5 million decrease in outside professional services, and a \$0.3 million decrease in computer equipment and supplies, largely offset by a \$1.3 million increase in salaries and related expenses for our support personnel and a \$1.0 million increase in share-based compensation for our support personnel. The increase in share-based compensation expense for our support personnel is primarily due to a \$0.8 million expense reversal

recorded in the third quarter of 2015 for 2015 performance-based awards that were no longer expected to be earned at that time. As a percentage of revenues, selling, general and administrative expenses decreased to 20.9% during the third quarter of 2016 compared to 22.4% during the third quarter of 2015, primarily due to the items described above. Restructuring charges for the third quarter of 2016 totaled \$1.0 million, compared to \$0.3 million for the third quarter of 2015. The charges for the third quarter of both 2016 and 2015 primarily related to updated lease accrual assumptions for the Washington, D.C. space vacated in the fourth quarter of 2014. Depreciation and amortization expense increased by \$1.6 million to \$8.1 million in the three months ended September 30, 2016, from \$6.5 million in the three months ended September 30, 2015. The increase was primarily attributable to an increase in amortization expense for a customer-related intangible asset acquired in the Studer Group acquisition and amortization expense for intangible assets acquired in the ADI Strategies and HSM acquisitions. Intangible asset amortization included within operating expenses primarily

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relates to certain customer relationships, non-competition agreements, and trade names acquired in connection with our business acquisitions. See Note 5 "Acquisitions" and Note 6 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information about our intangible assets.

Operating Income

Operating income decreased \$6.8 million, or 22.7%, to \$23.2 million in the third quarter of 2016 from \$30.1 million in the third quarter of 2015. Operating margin, which is defined as operating income expressed as a percentage of revenues, decreased to 12.7% in the three months ended September 30, 2016, compared to 17.1% in the three months ended September 30, 2015. The decrease in operating margin was primarily attributable to the increase in salaries and related expenses and performance bonus expense for our revenue-generating professionals as a percentage of revenues, partially offset by the decrease in share-based compensation expense for our revenue-generating professionals during the first three months of 2016 compared to the same prior year period.

Other Expense, Net

Total other expense, net decreased by \$2.4 million to \$3.7 million in the third quarter of 2016 from \$6.0 million in the third quarter of 2015. The decrease was primarily attributable to a \$0.6 million gain in the third quarter of 2016 from an increase in the market value of our investments that are used to fund our deferred compensation liability, compared to a \$0.8 million loss in the third quarter of 2015 from a decrease in the market value of these investments. The decrease in total other expense, net was also due to a \$0.5 million decrease in interest expense. The decrease in interest expense was primarily due to lower levels of borrowings under our credit facility during the third quarter of 2016 compared to the third quarter of 2015.

Income Tax Expense

For the third quarter of 2016, our effective tax rate was 37.2% as we recognized income tax expense from continuing operations of \$7.3 million on income from continuing operations of \$19.6 million. For the third quarter of 2015, our effective tax rate was 40.6% as we recognized income tax expense from continuing operations of \$9.7 million on income from continuing operations of \$24.0 million. The effective tax rate for the three months ended September 30, 2016 was lower than the statutory rate, inclusive of state income taxes, primarily due to non-taxable income, valuation allowance reductions, and certain credits and deductions, partially offset by non-deductible business expenses. The effective tax rate for the three months ended September 30, 2015 was higher than the statutory tax rate, inclusive of state income taxes, primarily due to non-deductible business expenses and foreign losses with no tax benefit, partially offset by certain credits and deductions.

Net Income from Continuing Operations

Net income from continuing operations decreased by \$2.0 million, or 13.9%, to \$12.3 million for the three months ended September 30, 2016, from \$14.3 million for the same period last year. As a result of the decrease in net income from continuing operations, partially offset by the reduction in diluted shares outstanding due to the share repurchases in the fourth quarter of 2015 and first quarter of 2016, diluted earnings per share from continuing operations for the third quarter of 2016 was \$0.57 compared to \$0.63 for the third quarter of 2015.

Discontinued Operations

Net income from discontinued operations was \$5.1 million for the three months ended September 30, 2015. See Note 4 "Discontinued Operations" within the notes to our consolidated financial statements for additional information about our discontinued operations.

EBITDA and Adjusted EBITDA

EBITDA decreased \$5.9 million to \$35.4 million for the three months ended September 30, 2016, from \$41.3 million for the three months ended September 30, 2015. Adjusted EBITDA decreased \$4.7 million to \$36.9 million in the third quarter of 2016 from \$41.7 million in the third quarter of 2015. The decrease in both EBITDA and Adjusted EBITDA was primarily due to the decrease in segment operating income, as discussed below in Segment Results.

Adjusted Net Income from Continuing Operations

Adjusted net income from continuing operations decreased \$0.7 million, or 3.3%, to \$19.7 million in the third quarter of 2016 compared to \$20.4 million in the third quarter of 2015. Adjusted diluted earnings per share from continuing operations was \$0.92 for the third quarter of 2016, compared to \$0.90 for the third quarter of 2015. The increase in adjusted diluted earnings per share from continuing operations was due to the reduction in diluted shares outstanding, which resulted from the share repurchases in the fourth quarter of 2015 and first quarter of 2016, partially offset by the decrease in adjusted net income from continuing operations.

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Segment Results

Huron Healthcare

Revenues

Huron Healthcare segment revenues decreased \$8.7 million, or 7.8%, to \$103.4 million for the third quarter of 2016 from \$112.1 million for the third quarter of 2015. Revenues for the third quarter of 2016 included \$3.9 million from our acquisitions of MyRounding and HSM, both of which were completed subsequent to the third quarter of 2015. During the three months ended September 30, 2016, revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 67.0%, 13.4%, 13.4%, and 6.2% of this segment's revenues, respectively, compared to 78.7%, 7.4%, 8.8%, and 5.1% of this segment's revenues, respectively, for the same prior year period.

Of the overall \$8.7 million decrease in revenues, \$11.7 million was attributable to a decrease in revenue from our full-time billable consultants, partially offset by a \$3.0 million increase in revenue generated by our full-time equivalents.

The decrease in revenue attributable to our full-time billable consultants reflected decreases in the average number of full-time billable consultants, consultant utilization rate, and average billing rate. This decrease in revenue was primarily driven by decreases in revenue in our revenue cycle and cost and clinical solutions compared to the prior year. Performance-based fee revenue was \$13.8 million during the third quarter of 2016 compared to \$9.9 million during the third quarter of 2015. The level of performance-based fees earned may vary based on our clients' risk sharing preferences and the mix of services we provide. Performance-based fee arrangements may cause significant variations in revenues, operating results, and average billing rates due to our level of execution and the timing of achievement of the performance-based criteria.

The increase in revenue attributable to our full-time equivalents reflected increases in both revenue per full-time equivalent and the average number of full-time equivalents. This increase in revenue was primarily driven by an increase in revenue in our Studer Group practice compared to the prior year.

Operating Income

Huron Healthcare segment operating income decreased \$8.8 million, or 18.5%, to \$38.8 million for the three months ended September 30, 2016, from \$47.6 million for the three months ended September 30, 2015. The Huron Healthcare segment operating margin, defined as segment operating income expressed as a percentage of segment revenues, decreased to 37.5% for the third quarter of 2016 from 42.5% in the same period last year. The decrease in this segment's operating margin was primarily attributable to an increase in salaries and related expenses for our revenue-generating professionals as a percentage of revenues and an increase in performance bonus expense for our revenue-generating professionals, which was primarily the result of a significant performance bonus adjustment in the third quarter of 2015 to decrease our year-to-date performance bonus accrual due to a revised full year forecast at that time. These decreases to this segment's operating margin were partially offset by a decrease in share-based compensation expense for our revenue-generating professionals as a percentage of revenues.

Huron Education and Life Sciences

Revenues

Huron Education and Life Sciences segment revenues increased \$3.6 million, or 8.7%, to \$45.7 million for the third quarter of 2016 from \$42.1 million for the third quarter of 2015.

Revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 18.8%, 74.9%, 1.4%, and 4.9% of this segment's revenues, respectively, during the third quarter of 2016. Revenues from fixed-fee engagements, time-and-expense engagements, and software support and maintenance and subscriptions arrangements represented 32.5%, 62.5%, and 5.0% of this segment's revenues, respectively, during the third quarter of 2015.

The \$3.6 million increase in revenues was attributable to our full-time billable consultants and reflected increases in the average number of full-time billable consultants and the average billing rate, partially offset by a decrease in our

consultant utilization rate.

Operating Income

Huron Education and Life Sciences segment operating income increased \$1.7 million, or 15.8%, to \$12.1 million for the three months ended September 30, 2016, from \$10.5 million for the three months ended September 30, 2015.

Segment operating margin increased to 26.5% for the third quarter of 2016 from 24.9% in the same period last year.

The increase in this segment's operating margin was

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primarily attributable to decreases in performance bonus expense for our revenue-generating professionals, contractor expense, intangible asset amortization expense, and project costs, partially offset by increases in salaries and related expenses for our revenue-generating professionals and training expenses as a percentage of revenues, which were largely the result of our ongoing cloud-based ERP investment.

Huron Business Advisory

Revenues

Huron Business Advisory segment revenues increased \$13.0 million, or 61.3%, to \$34.3 million for the third quarter of 2016 from \$21.2 million for the third quarter of 2015. Revenues for the third quarter of 2016 included \$13.3 million from our acquisitions of Cloud62 and ADI Strategies, both of which were completed subsequent to the third quarter of 2015.

Revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 10.9%, 85.1%, 2.0%, and 2.0% of this segment's revenues, respectively, during the third quarter of 2016, compared to 15.8%, 81.4%, 2.4%, and 0.4% of this segment's revenues, respectively, during the third quarter of 2015. Performance-based fee revenue was \$0.7 million for the third quarter of 2016, all of which was generated by Huron Transaction Advisory LLC, our registered broker-dealer. Performance-based fee revenue was \$0.5 million for the third quarter of 2015, of which \$0.3 million was generated by Huron Transaction Advisory LLC. The level of performance-based fees earned may vary based on our clients' preferences and the mix of services we provide. Performance-based fee arrangements may cause significant variations in revenues, operating results, and average billing rates due to our level of execution and the timing of achievement of the performance-based criteria.

Of the overall \$13.0 million increase in revenues, \$11.2 million was attributable to our full-time billable consultants and \$1.8 million was attributable to our full-time equivalents. The increase in revenue from our full-time billable consultants reflected an increase in the average number of full-time billable consultants, partially offset by decreases in consultant utilization rate and average billing rate. The increase in the average number of full-time billable consultants was primarily the result of our acquisitions of ADI Strategies and Cloud62. The increase in revenue from our full-time equivalents reflected increases in both the average number of full-time equivalents and revenue per full-time equivalent in the third quarter of 2016 compared to the same prior year period.

Operating Income

Huron Business Advisory segment operating income increased by \$2.1 million, or 41.1%, to \$7.4 million for the three months ended September 30, 2016, from \$5.2 million for the three months ended September 30, 2015. Segment operating margin decreased to 21.5% for the third quarter of 2016 from 24.6% in the same period last year. The decrease in this segment's operating margin was primarily attributable to increases in salaries and related expenses and performance bonus expense for our revenue-generating professionals as a percentage of revenues. These decreases to operating margin were partially offset by decreases in share-based compensation expense for our revenue-generating professionals and severance expense, as well as revenue growth that outpaced an increase in salaries and related expenses for our support personnel. The overall decrease in this segment's operating margin reflects an increase in the Enterprise Performance Management and Analytics practice revenue as a percentage of this segment's total revenue, as the recent growth of this practice, which has lower operating margins, outpaced the growth of the legacy Financial Advisory practice.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

Revenues

Revenues increased \$34.2 million, or 6.7%, to \$548.1 million for the first nine months of 2016 from \$513.9 million for the first nine months of 2015. Revenues for the first nine months of 2016 included \$28.1 million of revenues from our acquisitions of Cloud62, MyRounding, ADI Strategies, and HSM, all of which were completed subsequent to the third quarter of 2015, and \$11.2 million of incremental revenues due to the full period impact of our acquisitions of Studer Group, which we completed mid-first quarter 2015, and Rittman Mead India, which we completed at the start

of the third quarter of 2015.

Of the overall \$34.2 million increase in revenues, \$17.5 million was attributable to our full-time billable consultants and \$16.7 million was attributable to our full-time equivalents.

The increase in full-time billable consultant revenues was driven by an increase in the average number of billable consultants, partially offset by decreases in the average billing rate and consultant utilization rate. As discussed below in Segment Results, this increase in revenue reflected the acquisitions in our Huron Business Advisory and Huron Healthcare segments and strengthened demand for our services in the Huron Business Advisory and Huron Education and Life Sciences segments. These increases to revenue were partially offset by lower revenues from full-time billable consultants in our Huron Healthcare segment, which was largely driven by a decrease in revenue in our revenue cycle and cost and clinical solutions.

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The increase in full-time equivalent revenues was primarily attributable to the full period impact of our acquisition of Studer Group, as well as increased use of contractors in the Business Advisory segment, largely due to our acquisition of ADI Strategies, and reflected an increase in the average number of full-time equivalents.

Total Direct Costs

Our total direct costs, including amortization of intangible assets and software development costs, increased \$25.0 million, or 8.1%, to \$334.6 million in the nine months ended September 30, 2016, from \$309.6 million in the nine months ended September 30, 2015. Direct costs for our Studer Group practice, which we acquired mid-first quarter 2015, totaled \$34.9 million in the first nine months of 2016, compared to \$29.6 million in the first nine months of 2015. The overall \$25.0 million increase primarily related to a \$26.7 million increase in salaries and related expenses for our revenue-generating professionals, which was primarily driven by increased headcount from acquisitions and our ongoing cloud-based ERP investment, and a \$2.1 million increase in performance bonus expense for our revenue-generating professionals, partially offset by a \$2.8 million decrease in share-based compensation expense for our revenue-generating professionals and a \$1.0 million decrease in intangible asset amortization expense. As a percentage of revenues, our total direct costs increased to 61.0% during the first nine months of 2016 compared to 60.2% during the first nine months of 2015 primarily due to the items described above.

Total direct costs for the nine months ended September 30, 2016 included \$11.3 million of amortization expense for intangible assets, primarily representing customer contracts and software acquired in business combinations, and internal software development costs, compared to \$12.1 million of amortization expense for the same prior year period. The \$0.8 million decrease in amortization expense was primarily attributable to the decreasing amortization expense of customer contracts acquired in our Studer Group acquisition, due to the accelerated basis of amortization, and a technology-related intangible asset that became fully amortized in 2015, partially offset by amortization of intangible assets acquired in the ADI Strategies and HSM acquisitions, which we completed in the second and third quarters of 2016, respectively. See Note 5 "Acquisitions" and Note 6 "Goodwill and Intangible Assets" within the notes to our consolidated financial statements for additional information about our intangible assets.

Operating Expenses and Other Losses, Net

Selling, general and administrative expenses increased \$2.7 million, or 2.3%, to \$119.9 million in the nine months ended September 30, 2016, from \$117.3 million in the nine months ended September 30, 2015. Selling, general and administrative expenses for our Studer Group practice, which we acquired mid-first quarter 2015, totaled \$16.6 million in the first nine months of 2016, compared to \$16.8 million in the first nine months of 2015. The overall \$2.7 million increase was primarily related to a \$4.2 million increase in salaries and related expenses for our support personnel, a \$1.3 million increase in share-based compensation expense for our support personnel, and a \$1.3 million increase in promotion and sponsorship expense, partially offset by a \$1.0 million decrease in facilities and other office-related expenses, a \$0.9 million decrease in legal expenses, a \$0.5 million decrease in outside professional services, and a \$0.4 million decrease in recruiting expenses. As a percentage of revenues, selling, general and administrative expenses decreased to 21.9% during the first nine months of 2016 compared to 22.8% during the first nine months of 2015 primarily due to the revenue growth that outpaced the increase in selling, general and administrative expenses.

Restructuring charges for the first nine months of 2016 totaled \$4.1 million, compared to \$1.6 million for the first nine months of 2015. The charges for the first nine months of 2016 primarily consisted of \$1.5 million related to updated lease accrual assumptions for our Washington, D.C. space vacated in the fourth quarter of 2014, \$1.2 million related to workforce reductions in our Healthcare segment to better align our resources with market demand, \$0.9 million related to workforce reductions in our corporate operations as we adjust our infrastructure to align with our Huron Legal divestiture, and \$0.2 million related to the wind down of our foreign consulting operations based in the Middle East. The charges for the first nine months of 2015 primarily consisted of \$1.2 million in workforce reductions to better align our resources with market demand, of which \$1.0 million related to our All Other segment for the wind down of our public sector consulting practice and our foreign consulting operations based in the Middle East and \$0.2

million related to our corporate operations, and a \$0.3 million charge related to updated lease accrual assumptions for the Washington, D.C. space vacated in the fourth quarter of 2014.

Depreciation and amortization expense increased by \$4.8 million to \$23.1 million in the nine months ended September 30, 2016, from \$18.3 million in the nine months ended September 30, 2015. The increase was primarily attributable to amortization expense for intangible assets acquired in the Studer Group acquisition, as well as amortization expense for intangible assets acquired in the Cloud62, ADI Strategies, and HSM acquisitions. Intangible asset amortization included within operating expenses primarily relates to certain customer relationships, non-competition agreements, and trade names acquired in connection with our business acquisitions.

Operating Income

Operating income decreased \$1.0 million, or 1.4%, to \$65.8 million in the first nine months of 2016 from \$66.8 million in the first nine months of 2015. Operating margin decreased to 12.0% in the nine months ended September 30, 2016, compared to 13.0% in the nine months ended September 30, 2015. The decrease in operating margin was primarily attributable to the increase in salaries and

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related expenses for our revenue-generating professionals as a percentage of revenues during the first nine months of 2016 compared to the same prior year period, partially offset by the decrease in share-based compensation expense for our revenue-generating professionals.

Other Expense, Net

Total other expense, net decreased by \$4.7 million to \$11.0 million in the first nine months of 2016 from \$15.8 million in the first nine months of 2015. The overall decrease was partially attributable to a \$1.0 million gain in the first nine months of 2016 from an increase in the market value of our investments that are used to fund our deferred compensation liability, compared to a \$0.7 million loss in the first nine months of 2015 from a decrease in the market value of these investments. The overall decrease was also attributable to a \$1.5 million decrease in interest expense and \$0.3 million in foreign currency transaction gains for the first nine months of 2016 compared to \$1.3 million in foreign currency transaction losses for the same prior year period. The decrease in interest expense was due to lower levels of borrowings under our credit facility during the first nine months of 2016 compared to the first nine months of 2015.

Income Tax Expense

For the nine months ended September 30, 2016, our effective tax rate was 35.6% as we recognized income tax expense of \$19.5 million on income of \$54.8 million. For the nine months ended September 30, 2015, our effective tax rate was 42.4% as we recognized income tax expense of \$21.6 million on income of \$51.0 million. The effective tax rate for the nine months ended September 30, 2016 was lower than the statutory rate, inclusive of state income taxes, primarily due to the year-to-date impact of a discrete favorable adjustment to our state tax rate in the second quarter of 2016, non-taxable income, valuation allowance reductions, certain credits and deductions, and a discrete tax benefit related to share-based compensation, partially offset by non-deductible business expenses. The effective tax rate for the nine months ended September 30, 2015 was higher than the statutory rate, inclusive of state income taxes, primarily due to non-deductible expenses, foreign losses with no tax benefit, and an increase in our valuation allowance.

Net Income from Continuing Operations

Net income from continuing operations increased by \$5.9 million, or 20.1%, to \$35.3 million for the nine months ended September 30, 2016, from \$29.4 million for the same prior year period. As a result of the increase in net income, coupled with the reduction in diluted shares outstanding due to the share repurchases in the fourth quarter of 2015 and first quarter of 2016, diluted earnings per share from continuing operations for the first nine months of 2016 was \$1.65 compared to \$1.30 for the first nine months of 2015.

Discontinued Operations

Net loss from discontinued operations for the nine months ended September 30, 2016 was \$1.8 million and primarily related to obligations for former employees, legal fees, and updated lease assumptions for vacated office space directly related to the sale of the Huron Legal segment. Net income from discontinued operations for the nine months ended September 30, 2015 was \$10.3 million. See Note 4 "Discontinued Operations" within the notes to our consolidated financial statements for additional information about our discontinued operations.

EBITDA and Adjusted EBITDA

EBITDA increased \$3.0 million to \$100.2 million for the nine months ended September 30, 2016, from \$97.2 million for the nine months ended September 30, 2015. Adjusted EBITDA increased \$5.5 million to \$104.8 million in the first nine months of 2016 from \$99.3 million in the first nine months of 2015. The increase in both EBITDA and Adjusted EBITDA was primarily due to the increase in segment operating income, as discussed below in Segment Results.

Adjusted Net Income from Continuing Operations

Adjusted net income from continuing operations increased \$9.9 million to \$56.3 million in the first nine months of 2016 compared to \$46.4 million in the first nine months of 2015. As a result of the increase in adjusted net income from continuing operations, coupled with the reduction in diluted shares outstanding due to the share repurchases in the fourth quarter of 2015 and first quarter of 2016, adjusted diluted earnings per share from continuing operations for

the first nine months of 2016 was \$2.63 compared to \$2.05 for the first nine months of 2015.

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Segment Results

Huron Healthcare

Revenues

Huron Healthcare segment revenues decreased \$5.1 million, or 1.5%, to \$323.5 million for the first nine months of 2016 from \$328.6 million for the first nine months of 2015. Revenues for the first nine months of 2016 included \$4.5 million from our acquisitions of MyRounding and HSM, both of which were completed subsequent to the third quarter of 2015, and \$10.7 million of incremental revenues due to the full period impact of our acquisition of Studer Group, which we completed mid-first quarter 2015.

During the nine months ended September 30, 2016, revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 70.4%, 10.7%, 13.1%, and 5.8% of this segment's revenues, respectively, compared to 75.0%, 7.5%, 12.1%, and 5.4% of this segment's revenues, respectively, for the same prior year period.

Of the overall \$5.1 million decrease in revenues, \$19.7 million was attributable to a decrease in revenue from our full-time billable consultants, partially offset by a \$14.6 million increase in revenue generated by our full-time equivalents.

The decrease in revenue attributable to our full-time billable consultants reflected decreases in the average number of full-time billable consultants and the average billing rate, partially offset by an increase in consultant utilization rate. This decrease in revenue was largely driven by a decrease in revenue in our revenue cycle and cost and clinical solutions compared to the prior year. Performance-based fee revenue was \$42.5 million during the first nine months of 2016 compared to \$39.7 million during the first nine months of 2015. The level of performance-based fees earned may vary based on our clients' risk sharing preferences and the mix of services we provide. Performance-based fee arrangements may cause significant variations in revenues, operating results, and average billing rates due to our level of execution and the timing of achievement of the performance-based criteria.

The increase in full-time equivalent revenues was primarily attributable to the full period impact of our acquisition of Studer Group, and reflected an increase in the average number of full-time equivalents.

Operating Income

Huron Healthcare segment operating income decreased \$2.9 million, or 2.4%, to \$119.2 million for the nine months ended September 30, 2016, from \$122.1 million for the nine months ended September 30, 2015. The Huron Healthcare segment operating margin decreased to 36.9% for the first nine months of 2016 from 37.2% in the same period last year. The decrease in this segment's operating margin was primarily attributable to an increase in salaries and related expenses for our support personnel and revenue-generating professionals as a percentage of revenues and a \$1.2 million restructuring charge recorded in the second quarter of 2016, partially offset by decreases in share-based compensation expense and performance bonus expense for our revenue-generating professionals as a percentage of revenues.

Huron Education and Life Sciences

Revenues

Huron Education and Life Sciences segment revenues increased \$9.2 million, or 7.3%, to \$134.1 million for the first nine months of 2016 from \$124.9 million for the first nine months of 2015.

For the nine months ended September 30, 2016, revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 20.9%, 73.4%, 0.7%, and 5.0% of this segment's revenues, respectively, compared to 33.3%, 61.7%, 0.4%, and 4.6% of this segment's revenues, respectively, during the same prior year period.

Of the overall \$9.2 million increase in revenues, \$10.3 million was attributable to our full-time billable consultants, partially offset by a \$1.1 million decrease in revenue generated by our full-time equivalents. The increase in revenue from our full-time billable consultants reflected an increase in the average number of full-time billable consultants, partially offset by decreases in consultant utilization rate and average billing rate. The decrease in revenue from our

full-time equivalents was largely driven by a decrease in license revenues, and reflected a decrease in revenue per full-time equivalent.

Operating Income

Huron Education and Life Sciences segment operating income was \$35.4 million for both the nine months ended September 30, 2016 and September 30, 2015. The Huron Education and Life Sciences segment operating margin decreased to 26.4% for the first nine months of 2016 from 28.4% in the same period last year. The decrease in this segment's operating margin was primarily attributable to

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an increase in salaries and related expenses for our revenue-generating professionals as a percentage of revenues, which was largely the result of our ongoing cloud-based ERP investment, partially offset by decreases in contractor expense and project costs.

Huron Business Advisory**Revenues**

Huron Business Advisory segment revenues increased \$31.4 million, or 53.1%, to \$90.6 million for the first nine months of 2016 from \$59.2 million for the first nine months of 2015. Revenues for the first nine months of 2016 included \$23.5 million from our acquisitions of Cloud62 and ADI Strategies, both of which were completed subsequent to the third quarter of 2015, and \$0.5 million of incremental revenues due to the full period impact of our acquisition of Rittman Mead India, which we completed at the beginning of the third quarter of 2015.

Revenues from fixed-fee engagements, time-and-expense engagements, performance-based arrangements, and software support and maintenance and subscriptions arrangements represented 11.4%, 80.5%, 6.8%, and 1.3% of this segment's revenues, respectively, during the first nine months of 2016, compared to 15.2%, 77.8%, 6.6%, and 0.4% of this segment's revenues, respectively, during the same prior year period. Performance-based fee revenue was \$6.2 million for the first nine months of 2016, of which \$5.3 million was generated by Huron Transaction Advisory LLC. Performance-based fee revenue was \$3.9 million for the first nine months of 2015, of which \$2.0 million was generated by Huron Transaction Advisory LLC. The level of performance-based fees earned may vary based on our clients' preferences and the mix of services we provide. Performance-based fee arrangements may cause significant variations in revenues, operating results, and average billing rates due to our level of execution and the timing of achievement of the performance-based criteria.

Of the overall \$31.4 million increase in revenues, \$28.2 million was attributable to our full-time billable consultants and \$3.2 million was attributable to our full-time equivalents. The increase in revenue from our full-time billable consultants reflected an increase in the average number of full-time billable consultants, partially offset by decreases in the average billing rate and consultant utilization rate. The increase in the average number of full-time billable consultants was primarily the result of our acquisitions of ADI Strategies and Cloud62. The increase in revenue from our full-time equivalents reflected increases in both the average number of full-time equivalents and revenue per full-time equivalent.

Operating Income

Huron Business Advisory segment operating income increased by \$5.8 million, or 43.1%, to \$19.3 million for the nine months ended September 30, 2016, from \$13.5 million for the nine months ended September 30, 2015. The Huron Business Advisory segment operating margin decreased to 21.4% for the first nine months of 2016 from 22.8% in the same period last year. The decrease in this segment's operating margin was primarily attributable to increases in salaries and related expenses for our revenue-generating professionals, contractor expense, and intangible asset amortization expense, all as percentages of revenues. These decreases to operating margin were partially offset by decreases in share-based compensation expense for our revenue-generating professionals, performance bonus expense for our support personnel, and severance expense, as well as revenue growth that outpaced increases in salaries and related expenses for our support personnel and practice administration and meetings expenses. The overall decrease in this segment's operating margin reflects an increase in the Enterprise Performance Management and Analytics practice revenue as a percentage of this segment's total revenue, as the recent growth of this practice, which has lower operating margins, outpaced the growth of the legacy Financial Advisory practice.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased \$49.3 million, from \$58.4 million at December 31, 2015, to \$9.1 million at September 30, 2016. As of September 30, 2016, our primary sources of liquidity are cash on hand, cash flows from our U.S. operations, and borrowing capacity available under our credit facility.

Nine Months Ended
September 30,

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Cash Flows (in thousands):	2016	2015
Net cash provided by operating activities	\$78,810	\$83,237
Net cash used in investing activities	(81,233)	(368,502)
Net cash provided by (used in) financing activities	(47,044)	41,877
Effect of exchange rate changes on cash	133	(22)
Net decrease in cash and cash equivalents	\$(49,334)	\$(243,410)

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Operating Activities

Net cash provided by operating activities totaled \$78.8 million for the nine months ended September 30, 2016 and \$83.2 million for the same period last year.

Our operating assets and liabilities consist primarily of receivables from billed and unbilled services, accounts payable and accrued expenses, accrued payroll and related benefits, and deferred revenues. The volume of services rendered and the related billings and timing of collections on those billings, as well as payments of our accounts payable and salaries, bonuses, and related benefits to employees affect these account balances.

The decrease in cash provided by operations was primarily attributable to lower net income, a decrease in cash collections from clients, and an increase in accounts payable payments to vendors in the first nine months of 2016 compared to the same prior year period, largely offset by a decrease in the amount paid for annual performance bonuses during the first quarter of 2016 compared to the first quarter of 2015 and the collection of a settlement receivable in the first quarter of 2016.

Investing Activities

Net cash used in investing activities was \$81.2 million for the nine months ended September 30, 2016 and \$368.5 million for the same period last year.

The use of cash in the first nine months of 2016 primarily consisted of \$69.1 million for the purchases of businesses and \$9.4 million for purchases of property and equipment.

The use of cash in the first nine months of 2015 primarily consisted of \$332.8 million for purchases of businesses, \$15.0 million for purchases of property and equipment, and a \$15.1 million investment in Shorelight in the form of zero coupon convertible debt instruments.

We estimate that we will use approximately \$20.0 million of cash for purchases of property and equipment for full year 2016, primarily consisting of leasehold improvements and information technology-related equipment to support our corporate infrastructure.

Financing Activities

Net cash used in financing activities was \$47.0 million for the nine months ended September 30, 2016. During the first nine months of 2016, we had net borrowings of \$12.0 million under our credit facility, primarily to fund the acquisitions of HSM and ADI Strategies and our annual performance bonus payment, and we repurchased and retired \$55.3 million of our common stock under our Share Repurchase Program, as defined below.

Net cash provided by financing activities was \$41.9 million for the nine months ended September 30, 2015. During the first nine months of 2015, we borrowed \$272.0 million under our credit facility, including \$102.0 million for the Studer Group acquisition, made repayments on our credit facility of \$214.5 million, and repurchased and retired \$13.5 million of our common stock under our Share Repurchase Program.

Our board of directors authorized a share repurchase program pursuant to which we may, from time to time, repurchase up to \$125.0 million of our common stock through October 31, 2016 (the "Share Repurchase Program"). In October 2016, our board of directors authorized an extension of the Share Repurchase Program through October 31, 2017. The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, general market and business conditions, and applicable legal requirements. During the nine months ended September 30, 2016, we repurchased and retired 982,192 shares at an average cost of \$56.27 per share. In 2015, we repurchased and retired 583,880 shares at an average cost of \$59.24 per share. As of September 30, 2016, \$35.1 million remains available for share repurchases.

Financing Arrangements

At September 30, 2016, we had \$250.0 million principal amount of our 1.25% convertible senior notes outstanding and \$104.0 million outstanding under our senior secured credit facility, as discussed below.

1.25% Convertible Senior Notes

In September 2014, we issued \$250.0 million principal amount of the Convertible Notes in a private offering. The Convertible Notes are senior unsecured obligations of the Company and will pay interest semi-annually on April 1 and

October 1 of each year at an annual rate of 1.25%. The Convertible Notes will mature on October 1, 2019, unless earlier repurchased by the Company or converted in accordance with their terms.

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Upon conversion, the Convertible Notes will be settled, at our election, in cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. Our current intent and policy is to settle conversions with a combination of cash and shares of common stock with the principal amount of the Convertible Notes paid in cash, in accordance with the settlement provisions of the Indenture.

The initial conversion rate for the Convertible Notes is 12.5170 shares of our common stock per \$1,000 principal amount of the Convertible Notes, which is equal to an initial conversion price of approximately \$79.89 per share of our common stock.

In connection with the issuance of the Convertible Notes, we entered into convertible note hedge transactions and warrant transactions. The convertible note hedge transactions are intended to reduce the potential future economic dilution associated with the conversion of the Convertible Notes and, combined with the warrants, effectively raise the price at which economic dilution would occur from the initial conversion price of approximately \$79.89 to approximately \$97.12 per share.

For further information, see Note 8 "Financing Arrangements" within the notes to our consolidated financial statements.

Senior Secured Credit Facility

The Company has a \$500 million senior secured revolving credit facility, subject to the terms of a Second Amended and Restated Credit Agreement dated as of March 31, 2015 (the "Amended Credit Agreement"), that becomes due and payable in full upon maturity on March 31, 2020. The Amended Credit Agreement provides the option to increase the revolving credit facility or establish term loan facilities in an aggregate amount of up to \$100 million, subject to customary conditions and the approval of any lender whose commitment would be increased, resulting in a maximum available principal amount under the Amended Credit Agreement of \$600 million. The initial borrowings under the Amended Credit Agreement were used to refinance borrowings outstanding under a prior credit agreement, and future borrowings under the Amended Credit Agreement may be used for working capital, capital expenditures, acquisitions of businesses, share repurchases, and general corporate purposes.

Fees and interest on borrowings vary based on our Consolidated Leverage Ratio (as defined in the Amended Credit Agreement). At our option, borrowings under the Amended Credit Agreement will bear interest at one, two, three or six-month LIBOR or an alternate base rate, in each case plus the applicable margin. The applicable margin will fluctuate between 1.25% per annum and 1.75% per annum, in the case of LIBOR borrowings, or between 0.25% per annum and 0.75% per annum, in the case of base rate loans, based upon our Consolidated Leverage Ratio at such time.

Amounts borrowed under the Amended Credit Agreement may be prepaid at any time without premium or penalty. We are required to prepay the amounts outstanding under the Amended Credit Agreement in certain circumstances, including a requirement to pay all amounts outstanding under the Amended Credit Agreement 90 days prior to the Convertible Indebtedness Maturity Date (as defined in the Amended Credit Agreement) unless (1) the Convertible Indebtedness Maturity Date is waived or extended to a later date, (2) the Company can demonstrate (a) Liquidity (as defined in the Amended Credit Agreement) in an amount at least equal to the principal amount due on the Convertible Indebtedness Maturity Date, and (b) financial covenant compliance after giving effect to such payments and any additional indebtedness incurred on a pro forma basis, or (3) this requirement is waived by the Required Lenders (as defined in the Amended Credit Agreement). In addition, we have the right to permanently reduce or terminate the unused portion of the commitments provided under the Amended Credit Agreement at any time.

The Amended Credit Agreement contains usual and customary representations and warranties; affirmative and negative covenants, which include limitations on liens, investments, additional indebtedness, and restricted payments; and two quarterly financial covenants as follows: (i) a maximum Consolidated Leverage Ratio (defined as the ratio of debt to consolidated EBITDA) of either 3.25 to 1.00 or 3.50 to 1.00, depending on the measurement period, and (ii) a minimum Consolidated Interest Coverage Ratio (defined as the ratio of consolidated EBITDA to interest) of 3.50 to 1.00. Consolidated EBITDA for purposes of the financial covenants is calculated on a continuing operations basis and includes adjustments to add back share-based compensation costs, certain non-cash restructuring charges, and pro

forma historical EBITDA for businesses acquired. At September 30, 2016, we were in compliance with these financial covenants with a Consolidated Leverage Ratio of 2.08 to 1.00 and a Consolidated Interest Coverage Ratio of 20.89 to 1.00.

The Amended Credit Agreement contains restricted payment provisions, including a potential limit on the amount of dividends we may pay. Pursuant to the terms of the Amended Credit Agreement, if our Consolidated Leverage Ratio is greater than 3.00, the amount of dividends and other Restricted Payments (as defined in the Amended Credit Agreement) we may pay is limited to an amount up to \$50 million plus 50% of cumulative consolidated net income from the closing date of the Amended Credit Agreement plus 50% of the net cash proceeds from equity issuances after the closing date of the Amended Credit Agreement.

Borrowings outstanding under the Amended Credit Agreement at September 30, 2016 totaled \$104.0 million. These borrowings carried a weighted average interest rate of 2.4%, including the effect of the interest rate swap described in Note 10 "Derivative Instruments and Hedging Activity" within the notes to the consolidated financial statements.

Borrowings outstanding under the Amended Credit Agreement at December 31, 2015 were \$92.0 million and carried a weighted average interest rate of 2.4%. The

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borrowing capacity under the revolving credit facility is reduced by any outstanding borrowings under the revolving credit facility and outstanding letters of credit. At September 30, 2016, we had outstanding letters of credit totaling \$4.7 million, which are primarily used as security deposits for our office facilities. As of September 30, 2016, the unused borrowing capacity under the revolving credit facility was \$391.3 million.

For further information, see Note 8 “Financing Arrangements” within the notes to the consolidated financial statements.

Future Needs

Our primary financing need has been to fund our growth. Our growth strategy is to expand our service offerings, which may require investments in new hires, acquisitions of complementary businesses, possible expansion into other geographic areas, and related capital expenditures. We believe our internally generated liquidity, together with our available cash, the borrowing capacity available under our revolving credit facility, and access to external capital resources will be adequate to fund our long-term growth and capital needs arising from cash commitments and debt service obligations. Our ability to secure short-term and long-term financing in the future will depend on several factors, including our future profitability, the quality of our accounts receivable and unbilled services, our relative levels of debt and equity, and the overall condition of the credit markets.

CONTRACTUAL OBLIGATIONS

For a summary of our commitments to make future payments under contractual obligations, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations” in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to our contractual obligations since December 31, 2015.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

Management’s discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. We regularly review our financial reporting and disclosure practices and accounting policies to ensure that our financial reporting and disclosures provide accurate information relative to the current economic and business environment. The preparation of financial statements in conformity with GAAP requires management to make assessments, estimates, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to impact our financial position and operating results. While all decisions regarding accounting policies are important, we believe that there are four accounting policies that could be considered critical: revenue recognition, allowances for doubtful accounts and unbilled services, carrying values of goodwill and other intangible assets, and accounting for income taxes. For a detailed discussion of these critical accounting policies, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies” in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting policies during the first nine months of 2016.

NEW ACCOUNTING PRONOUNCEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Market Risk and Interest Rate Risk

The value of our Convertible Notes is exposed to interest rate risk. Generally, the fair value of our fixed interest rate Convertible Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of our

Convertible Notes is affected by our stock price. The carrying value of our Convertible Notes was \$221.9 million as of September 30, 2016, which represents the liability component of the \$250.0 million principal balance. The estimated fair value of our Convertible Notes at September 30, 2016 was \$252.3 million, and was determined based on the quoted bid price of the Convertible Notes in an over-the-counter market as of the last day of trading for the quarter ended September 30, 2016, which was \$100.924 per \$100 principal amount.

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Concurrent with the issuance of the Convertible Notes, we entered into separate convertible note hedge and warrant transactions. The convertible note hedge transactions are intended to reduce the potential future economic dilution associated with the conversion of the Convertible Notes and, combined with the warrants, effectively raise the price at which economic dilution would occur from the initial conversion price of approximately \$79.89 to approximately \$97.12 per share. Under the convertible note hedge transactions, we have the option to purchase a total of approximately 3.1 million shares of our common stock, which is the number of shares initially issuable upon conversion of the Convertible Notes in full, at a price of approximately \$79.89, which corresponds to the initial conversion price of the Convertible Notes, subject to customary anti-dilution adjustments substantially similar to those in the Convertible Notes. Under the warrant transactions, the holders of the warrants have the option to purchase a total of approximately 3.1 million shares of our common stock at a price of approximately \$97.12. If the average market value per share of our common stock for the reporting period exceeds the strike price of the warrants, the warrants will have a dilutive effect on our earnings per share.

We have exposure to changes in interest rates associated with borrowings under our bank credit facility, which has variable interest rates tied to LIBOR or an alternate base rate, at our option. At September 30, 2016, we had borrowings outstanding under the credit facility totaling \$104.0 million that carried a weighted average interest rate of 2.4%, including the effect of the interest rate swap outstanding described below. A hypothetical 100 basis point change in this interest rate would have a \$0.3 million effect on our pretax income including the effect of the interest rate swap described below. At December 31, 2015, our borrowings outstanding under the credit facility totaled \$92.0 million and carried a weighted average interest rate of 2.4%, including the effect of the interest rate swaps described below; and were fully hedged against changes in interest rates by our interest rate swaps, which had a notional amount of \$92.0 million at December 31, 2015.

On December 8, 2011, we entered into a forward amortizing interest rate swap agreement effective February 29, 2012, which ended April 14, 2016. We entered into this derivative instrument to hedge against the interest rate risks of our variable-rate borrowings described above. The swap had an initial notional amount of \$56.6 million and amortized throughout the term. Under the terms of the interest rate swap agreement, we received from the counterparty interest on the notional amount based on one-month LIBOR and we paid to the counterparty a fixed rate of 0.9875%.

On May 30, 2012, we entered into an amortizing interest rate swap agreement effective May 31, 2012, which ended April 14, 2016. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. The swap had an initial notional amount of \$37.0 million and amortized throughout the term. Under the terms of the interest rate swap agreement, we received from the counterparty interest on the notional amount based on one-month LIBOR and we paid to the counterparty a fixed rate of 0.70%.

On April 4, 2013, we entered into a forward amortizing interest rate swap agreement effective March 31, 2014 and ending August 31, 2017. We entered into this derivative instrument to further hedge against the interest rate risks of our variable-rate borrowings. The swap had an initial notional amount of \$60.0 million and amortized quarterly until April 2016. Upon expiration of the two interest rate swaps in April 2016 described above, the notional amount of this interest rate swap increased to \$86.0 million and continues to amortize quarterly throughout the remaining term.

Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the notional amount based on one-month LIBOR and we pay to the counterparty a fixed rate of 0.985%.

Including the impact of the above swap agreement, the weighted average interest rate on \$74.0 million of our variable-rate debt, which equals the notional amount of the swap agreement in effect at September 30, 2016, was 2.5%.

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

We have a non-interest bearing convertible debt investment in a privately-held company, which we account for as an available-for-sale security. As such, the investment is carried at fair value with unrealized holding gains and losses

excluded from earnings and reported in other comprehensive income. As of September 30, 2016, the fair value of the investment was \$32.9 million, with a total cost basis of \$27.9 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2016, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the

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reports we file or submit under the Exchange Act, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this Item is incorporated by reference from Note 14 "Commitments, Contingencies and Guarantees" included in Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

See "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for a complete description of the material risks we face.

Table of Contents**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Our Stock Ownership Participation Program, 2012 Omnibus Incentive Plan, and our 2004 Omnibus Stock Plan, which was replaced by the 2012 Omnibus Incentive Plan, permit the netting of common stock upon vesting of restricted stock awards to satisfy individual tax withholding requirements. During the quarter ended September 30, 2016, we reacquired 6,397 shares of common stock with a weighted average fair market value of \$61.34 as a result of such tax withholdings.

Our board of directors authorized a share repurchase program pursuant to which we may, from time to time, repurchase up to \$125 million of our common stock through October 31, 2016 (the “Share Repurchase Program”). During the fourth quarter of 2016, our board of directors authorized an extension of the Share Repurchase Program through October 31, 2017. The amount and timing of the repurchases will be determined by management and will depend on a variety of factors, including the trading price of our common stock, general market and business conditions, and applicable legal requirements.

The following table provides information with respect to purchases we made of our common stock during the quarter ended September 30, 2016.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that may yet be Purchased under the Plans or Programs ⁽²⁾
July 1, 2016 - July 31, 2016	2,978	\$ 60.70	—	\$ 35,143,546
August 1, 2016 - August 31, 2016	2,752	\$ 61.47	—	\$ 35,143,546
September 1, 2016 - September 30, 2016	667	\$ 63.65	—	\$ 35,143,546
Total	6,397	\$ 61.34	—	

(1) The number of shares repurchased for each period represents shares to satisfy employee tax withholding requirements. These shares do not reduce the repurchase authority under the Share Repurchase Program.

(2) As of the end of the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

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

Exhibit Number	Exhibit Description	Filed herewith	Furnished herewith	Incorporated by Reference			
				Form	Period Ending	Exhibit	Filing Date
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X				
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X				
101.INS	XBRL Instance Document	X					
101.SCH	XBRL Taxonomy Extension Schema Document	X					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X					

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SIGNATURE

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

Huron Consulting Group Inc.
(Registrant)

Date: November 1, 2016 /s/ C. Mark Hussey
C. Mark Hussey
Executive Vice President, Chief Operating Officer
and Chief Financial Officer