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New Report by Huron Consulting Group Reveals Financial Restatements Increased at Record Level in 2004

Fifteen Percent of Restatements Filed by Repeat Filers; Sixty-One Percent of Restatements Involved Annual Audited Financial Statements

CHICAGO – January 20, 2005 - Huron Consulting Group (NASDAQ: HURN) today released a summary of its *2004 Annual Review of Financial Reporting Matters*. The report revealed that amended filings for financial restatements rose to a record 414 in 2004 from 323 the previous year.

“Financial restatements dramatically increased in 2004. After the leveling off in restatement filings observed in 2003, we had hoped that the upward trend in accounting errors might be over,” said Joseph J. Floyd, managing director and national practice leader of Huron’s Disputes and Investigations practice. “It seems that the scrutiny placed on company internal controls and other pressures surfaced a large number of reporting problems this past year.”

Huron’s report analyzed the leading causes and trends in financial restatements filed in amended filings with the U.S. Securities and Exchange Commission (SEC) for the year ending December 31, 2004. The report tracks whether the error was initially reported in either quarterly or annual financial statements. In addition, the report summary breaks down financial restatements by accounting issue.

Restatements by Year Filed

Amended filings for financial restatements of public companies due to accounting errors totaled 414 in 2004, a dramatic 28 percent increase compared to the 323 restatement filings identified in 2003.

“There were several trends and events affecting financial reporting in 2004, but among the most significant was the impact of Sarbanes-Oxley Section 404 procedures,” said Floyd. “The intense focus brought by Section 404 and its requirements for the management of public registrants to thoroughly document, test and take responsibility for the effectiveness of their company’s safeguards for quality financial reporting has resulted in an unprecedented period of scrutiny on how registrants produce financial results for investors.”

The year 2003 had marked the first time restatement filings had leveled off after an upward trend over the past five years (2002 had 330 restatements, 2001 had 270, and 2000 had 233). The restatements tracked by Huron from 2000 to 2004 have been filed in both amended quarterly (10-Q/A) and annual (10-K/A) financial statements filed with the SEC.

Repeat Filers

Huron’s analysis revealed that 63 financial restatements, or 15 percent, had been filed in 2004 by “repeat filers” or registrants that reported erroneous financial information on more than one occasion since 1997.

“While a large number of companies have experienced problems with their accounting, it is notable that many of the errors are by repeat filers,” said Floyd.

“This means that fewer companies are contributing to the problem than the number of filings would indicate.”

Restatements of Annual Audited Financial Statements

While investors rely on both quarterly and annual financial statements of public companies, there is a different level of procedures and responsibility assumed by the auditors for each. Annual financials have a higher level of effort and association required since an audit opinion is rendered. An audit opinion is not given for quarterly financials.

In 2004, the number of filings involving restated annual audited financial statements rose to a record high of 253, representing 61 percent of total restatements filed during the year. This compares to 64 percent in 2003, 56 percent in 2002, 52 percent in 2001 and 42 percent in 2000.

Growth in Restating Multiple Years

Huron’s report uncovered a rising trend in the number of periods contained in each restatement. For the fifth consecutive year, the number of filers reporting errors in at least three of the prior annual periods rose to nearly 40 percent of the 10-K/A filings.

“Multiple period restatements point to flawed accounting policies, practices and errors occurring over a period of time, as opposed to one-time errors,” said Floyd.

Major Accounting Issues

Similar to prior years, five categories of accounting issues caused nearly 60 percent of the problems in 2004 financial restatements. The three leading causes were: revenue recognition; equity accounting; and reserves, accruals and contingencies.

Huron’s Full Report -2004 Annual Review of Financial Reporting Matters

Huron’s full report will also provide analysis by industry and company size. In addition, the report will summarize the major events impacting the financial reporting world in 2004, including, activities of the regulatory and standard-setting entities, major observations regarding the public accounting industry, and observations related to corporate governance. The full report will be available in late February.

About Huron Consulting Group

Huron Consulting Group is an independent provider of financial and operational consulting services. Huron’s experienced and credentialed professionals employ their expertise in accounting, finance, economics and operations to a wide variety of both financially sound and distressed organizations, including Fortune 500 companies, medium-sized businesses, leading academic institutions, healthcare organizations and the law firms that represent these various organizations. Learn more at www.huronconsultinggroup.com.

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