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If you sell or transfer or have sold or transferred all your Ordinary Shares, please send this document, but not the personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is or was affected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale was effected. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of Management Consulting Group PLC since the date of this document or that the information in it is correct as of any subsequent time.

N M Rothschild & Sons Limited (“**Rothschild**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for Management Consulting Group PLC and no one else in connection with the Disposal and will not be responsible to anyone other than Management Consulting Group PLC for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Disposal referred to in this document.

Management Consulting Group PLC

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 1000608)

Proposed Disposal of Kurt Salmon and Proposed Reduction of Capital and Return of Capital Notice of General Meeting

This Circular should be read as a whole. Nevertheless, your attention is drawn to the letter from your Chairman which is set out in Part I (*Letter from the Chairman*) of this Circular which contains a recommendation from the Board that you vote in favour of the Resolutions proposed at the General Meeting referred to below.

Notice of a General Meeting of Management Consulting Group PLC (“**Management Consulting Group**” or the “**Company**”) to be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA at 11.00 am on 21 October 2016 is set out in Part IX (*Notice of General Meeting*) at the end of this Circular. Whether or not you intend to be present at the General Meeting in person, you are asked to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by Management Consulting Group’s registrar Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 11.00 am on 19 October 2016. You may also submit your proxy electronically at www.capitashareportal.com using your unique investor code on the Form of Proxy. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible, and in any event, no later than 11.00 am on 19 October 2016.

Your attention is drawn to Part II (*Risk Factors*) of this Circular which sets out and describes certain risks that Management Consulting Group Shareholders should consider carefully when deciding whether or not to vote in favour of the Resolutions to be proposed at the General Meeting.

A summary of the action to be taken by Management Consulting Group Shareholders is set out on page 13 of this Circular and in the accompanying Notice of General Meeting. The completion and return of the completed Form of Proxy or submission of your proxy electronically or completing and transmitting a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person (in substitution of your proxy vote) if you wish (and are so entitled).

THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE.

Certain information in relation to Management Consulting Group has been incorporated by reference into this Circular. You should refer to paragraph 13 of Part VI (*Additional Information*) for further details.

Capitalised terms have the meaning attributed to them in Part VII (*Definitions*) of this Circular.

FORWARD-LOOKING STATEMENTS

This Circular contains certain forward-looking statements which are subject to assumptions, risk and uncertainties. Although Management Consulting Group believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only at the date of that particular statement. Management Consulting Group does not undertake any obligations publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the rules of the London Stock Exchange plc or by law.

PRESENTATION OF FINANCIAL INFORMATION

Solely for the convenience of the reader, this Circular contains translations of certain US Dollar amounts into Pounds Sterling, and Pounds Sterling amounts into US Dollars, applying an exchange rate of 1.299 Dollars to £1.00, being the closing US Dollar per Pound Sterling exchange rate as published by The Financial Times at close of business on 30 September 2016.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS	1
DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICES AND ADVISERS	2
PART I LETTER FROM THE CHAIRMAN	3
PART II RISK FACTORS	14
PART III PRINCIPAL TERMS OF THE DISPOSAL	17
PART IV FINANCIAL INFORMATION RELATING TO THE TARGET BUSINESS	19
PART V UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE RETAINED GROUP	21
PART VI ADDITIONAL INFORMATION	25
PART VII DEFINITIONS	31
PART VIII TAXATION	34
PART IX NOTICE OF GENERAL MEETING	35

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	22 September 2016
Latest time and date for receipt of Forms of Proxy from Management Consulting Group Shareholders	11.00 am on 19 October 2016
Time and date of General Meeting	11.00 am on 21 October 2016
Expected date of Completion	October or November 2016
Expected date for the Court Hearing	As soon as reasonably practicable following Completion
Expected Record Date	6.00 p.m. on the date of the Court Hearing
Expected date of registration of Court Order and effective date of the Reduction of Capital	Business Day following the Record Date
Expected date of dispatch of cheques to Management Consulting Group Shareholders or Management Consulting Group Shareholders' CREST accounts credited (as appropriate) in respect of Return of Capital entitlements	Within 14 days of the effective date of the Reduction of Capital

Notes:

1. References to times and dates in this Circular are to London times and dates unless otherwise stated.
2. If the above times and/or dates change, the revised times and/or dates will be notified, as appropriate, to the Financial Conduct Authority and/or Management Consulting Group Shareholders (by announcement through the Regulatory Information Service of the London Stock Exchange plc).
3. In the case of above events for which expected times and/or dates are not yet known, the expected times and/or dates will be notified once known, as appropriate, to the Financial Conduct Authority and/or Management Consulting Group Shareholders (by announcement through the Regulatory Information Service of the London Stock Exchange plc).
4. Completion is conditional upon the passing of the Disposal Resolution, amongst other things, but is not conditional upon the other Resolutions being passed. All events in the above timetable following Completion are conditional upon: (i) the passing of the Resolutions; and (ii) Completion taking place.
5. The Return of Capital is conditional upon: (i) approval of the Reduction of Capital and Return of Capital by the High Court; and (ii) registration of the High Court Order confirming the Reduction of Capital and Return of Capital with the UK Registrar of Companies.
6. Except where otherwise indicated, calculations relating to Shares are based on the 506,085,179 ordinary shares in issue (excluding treasury shares) as at 3 October 2016, being the latest practicable date prior to publication of this Circular.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors

Alan Barber, Non-Executive Chairman
Nicholas Stagg, Chief Executive
Christopher Povey, Finance Director
Marco Capello, Non-Executive Director
Nigel Halkes, Non-Executive Director
Emilio Di Spiezio Sardo, Non-Executive Director
Julian Waldron, Non-Executive Director

Secretary

Charles Ansley

Registered Office

10 Fleet Place
London EC4M 7RB

Sponsor and Financial Adviser

N M Rothschild & Sons Limited
New Court
St Swithin's Lane
London EC4N 8AL

Solicitors

Baker & McKenzie LLP
100 New Bridge Street
London
EC4V 6JA

Reporting Accountants and Auditors

Deloitte LLP
Athene Place
66 Shoe Lane
London EC4A 3BQ

Registrar

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

PART I
LETTER FROM THE CHAIRMAN

Management Consulting Group PLC

*(incorporated and registered in England and Wales
under the Companies Act 1948 with registered number 1000608)*

Directors:

A.J. Barber (Chairman)*
N.S. Stagg (Chief Executive)
C.J. Povey (Finance Director)
M. Capello*
N.L. Halkes*
E. Di Spiezio Sardo*
J.D. Waldron*

Registered office:

10 Fleet Place, London, EC4M 7RB

* Non-Executive Director

4 October 2016

To: Management Consulting Group PLC Shareholders

Dear Shareholder

**PROPOSED DISPOSAL OF KURT SALMON,
REDUCTION OF SHARE CAPITAL AND RETURN OF CAPITAL
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

On 22 September 2016, the Board announced that Management Consulting Group had entered into an agreement (the “**Disposal Agreement**”) for the sale of Kurt Salmon (the “**Target Business**”), comprising the Kurt Salmon retail and consumer goods consulting businesses in the United States, Canada, the United Kingdom, Germany, China, Hong Kong and Japan to Accenture (“**Accenture**” or the “**Purchaser**”), for a total gross cash consideration of approximately \$165 million (equivalent to approximately £127.0 million) payable on completion of the sale (the “**Disposal**”). The Disposal will involve the sale and purchase of the entire issued share capital of Kurt Salmon UKI Limited, Vertical Retail Consulting Hong Kong Limited, Vertical Retail Consulting Limited, and MCG US Holdings Inc. (the “**Target Companies**”). The principal terms of the agreement are described in more detail in Part III (*Principal Terms of Disposal*) below.

The Disposal is of sufficient size relative to the Group to constitute a Class 1 transaction for Management Consulting Group under the Listing Rules and is therefore conditional upon, amongst other things, the passing of a resolution (the “**Disposal Resolution**”) approving the Disposal by Shareholders at the General Meeting. The Disposal is also conditional upon, amongst other things:

- (i) there having been no material adverse change in staff retention rates of the Target Business since the date of signing of the Disposal Agreement to the Completion date; and
- (ii) the competition authorities in the United States, Austria and Germany approving the Disposal.

Management Consulting Group is to receive from the Disposal net cash proceeds of approximately \$157 million (equivalent to approximately £120.8 million) after the deduction of estimated transaction costs of \$8 million (equivalent to £6.2 million). The Company intends to use part of the net proceeds of the Disposal to fund a proposed payment of capital to Shareholders (the “**Return of Capital**”). Pursuant to a proposed court approved reduction of capital process as described below, conditional on the Disposal, Management Consulting Group would be able to make a Return of Capital to Shareholders of up to £75 million in aggregate. Management Consulting Group will retain the balance of the net proceeds of the

Disposal for corporate purposes including the restructuring of the Retained Group to take account of the changed shape and size of its operations. The Board may consider further returns of value where it determines this to be in the best interests of the Company and its Shareholders as a whole.

Following the Disposal, the Retained Group's business will be materially smaller, less diversified and have reduced global reach and scale. The retained business of the Group, Alexander Proudfoot, delivered higher revenues in the first half of 2016 than in the second half of 2015, but has not yet produced levels of revenue which restore the business to profitability. Accordingly the Retained Group's business is currently loss making.

The current strategy for the businesses comprising the Retained Group has been to focus on specific industries and recruitment and retention of specialists within those industries, which we anticipate will help drive order input. Some modest cost saving initiatives have also been identified, which could be implemented in the short to medium term, however no decision has been taken on any of these measures yet and any significant improvement in performance of Alexander Proudfoot in the coming months will largely be dependent on order input. Should the Retained Group continue to underperform in the longer term, the Board would consider all options in the best interests of all stakeholders including restructuring or selling all or part of the operating businesses of the Retained Group or seeking additional funding.

The Board will retain a prudent level of cash reserves following the disposal taking into account the Retained Group's present requirements however, in the unlikely event the Board was unable to take further action as described above, failure to return the remaining business of the Retained Group to profitability could, in the longer term, deplete the Retained Group's cash reserves.

As a separate special resolution, conditional on Completion, in order to effect the reduction of capital process and the Return of Capital, Shareholders are also being asked to, first, approve the cancellation of part of the Company's Share Premium Account in order to return an amount of up to £75 million (equivalent to up to approximately 14.82 pence per Share) to Shareholders in the Return of Capital and, secondly, approve the cancellation of all of the Company's Deferred Shares to eliminate the deficit on the Company's profit and loss account and to create distributable reserves to facilitate the future consideration of the payment of dividends or other distributions or the buy-back of shares (together, the **"Reduction of Capital"**). The Board considers it appropriate to return part of the proceeds of the Disposal to Shareholders in the Return of Capital, whilst retaining a prudent level of cash reserves for general corporate purposes. If the special resolution to cancel part of the Share Premium Account and all of the Deferred Shares (the **"Reduction of Capital Resolution"**) is not approved by Shareholders, then neither the Reduction of Capital nor the Return of Capital will take place as contemplated above. However, Shareholders should also be aware that, even if the Return of Capital Resolution is approved by the Shareholders at the General Meeting, this does not guarantee that the Return of Capital will take place. This is because the Reduction of Capital will be subject to the scrutiny of, and confirmation by, the High Court to ensure that the interests of existing creditors are protected. Furthermore, the Board shall only make a final determination on the amount of the Return of Capital following Completion. The final determination will be subject to the circumstances existing at the time of such decision and the Board will not proceed if it no longer believes it to be in the best interests of the Shareholders as a whole to proceed due to an unforeseen adverse change in the circumstances of the Retained Group which may exist at such time.

Under the terms of the Company's Restricted Share Plan and Restricted Share Plan 2 (together, the **"Restricted Share Plans"**), awards may only be satisfied by: (i) ordinary shares purchased in the market by an employee benefit trust funded by the Company or companies in the Group; (ii) a cash equivalent amount; or (iii) by the issue of new Ordinary Shares within the prescribed limit authorised by a resolution of the shareholders of the Company passed in a general meeting of the Company on 17 December 2015. The Company does, however, currently hold 2,427,620 Ordinary Shares in treasury (the **"Treasury Shares"**) which, if used to satisfy awards under the Restricted Share Plans that vest on completion of Disposal, would reduce the need for the Company to fund the purchase of additional shares on the market or to satisfy awards by the payment of cash equivalent amounts. Consequently, as a separate ordinary resolution conditional on Completion, Shareholders are being asked to approve the use of the Treasury Shares to satisfy awards under the Restricted Share Plans (the **"Restricted Share Plans Resolution"**).

As a separate ordinary resolution, conditional on Completion, Shareholders are being asked to approve the award of Transaction Incentive Bonuses (as defined below) to Nicholas Stagg (the Chief Executive) and Christopher Povey (the Finance Director), which are outside of the parameters of the management Remuneration Policy previously approved by Shareholders and which will be payable within 30 days after Completion (the **"Transaction Incentive Bonus Resolution"**).

A General Meeting is to be held at the offices of Baker & McKenzie LLP, being 100 New Bridge Street, London EC4V 6JA at 11.00 am on 21 October 2016 for the purpose of seeking the Shareholder approvals described above. A notice convening the General Meeting, at which the Disposal Resolution, the Reduction of Capital Resolution, the Transaction Incentive Bonus Resolution and the Restricted Share Plans Resolution (together, the “**Resolutions**”) will be proposed, is set out in Part IX (*Notice of General Meeting*) of this Circular. The purpose of this Circular is to provide details of the Disposal, the Reduction of Capital and the Return of Capital and the Transaction Incentive Bonuses and the Restricted Share Plans changes (the “**Proposals**”) and the Resolutions, and to explain why the Board considers the Proposals and the Resolutions to be in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of the Resolutions at the General Meeting.

Irrevocable undertakings to vote in favour of each of the Resolutions at the General Meeting have been received from Shareholders (including all members of the Board in respect of their entire beneficial interests in the Ordinary Shares, save that Nicholas Stagg and Christopher Povey have undertaken not to vote on the Transaction Incentive Bonus Resolution and have taken no part in the Board’s consideration of this matter) representing approximately 52% of the Company’s issued Ordinary Share capital, excluding shares held in treasury, as at 3 October 2016 (the latest practicable date prior to the publication of this Circular).

2. DESCRIPTION OF THE TARGET BUSINESS AND BACKGROUND TO AND REASONS FOR THE DISPOSAL

Management Consulting Group currently comprises two independently managed practices: Alexander Proudfoot and Kurt Salmon. Alexander Proudfoot develops and implements operational improvements to its clients to increase productivity and is not affected by the Disposal.

As previously announced in January 2016, Management Consulting Group completed the sale of the French and related operations of Kurt Salmon and in July 2016 it completed the sale of the US healthcare business of Kurt Salmon. Following these disposals, the Kurt Salmon business retained by the Group which is now subject to the Disposal, comprises a global retail and consumer goods consulting business, currently principally operating in the United States, Canada, the United Kingdom, Germany, China, Hong Kong and Japan being the Target Business. Kurt Salmon is an established international brand and a leading management consulting firm addressing clients in the retail and consumer goods sector.

The Target Business generated profit before tax of £5.3 million (Group: £3.7 million loss from continuing operations) and revenues of £71.4 million (Group: £138.9 million from continuing operations), in each case for the year ended 31 December 2015 as set out in Part IV (“*Financial Information Relating to the Target Business*”) of this Circular. The Target Business had total assets of £132.4 million including goodwill attributable to the Target Business (Group: £211.8 million) as at 30 June 2016 (all of these preceding figures are unaudited, save for the Group figures for the year ended 31 December 2015 which are audited).

Certain existing back-office operations of Kurt Salmon in the United States which are currently owned by Kurt Salmon US Inc. (one of the Target Companies) will not form part of the Target Business. As a result, certain office leases, supplier contracts and personnel currently supporting Kurt Salmon will be retained by Management Consulting Group following Completion. Management Consulting Group will also retain the benefit of, and the obligations under, the Transitional Service Agreements with Wavestone (formerly Solucom) and ECG Management Consultants, the acquirers of the French and related operations, and the healthcare operations of Kurt Salmon respectively.

The Board has concluded that the terms of the Disposal provide an opportunity to exit from the Kurt Salmon business at an attractive price for Shareholders and to allow the Group to return a substantial proportion of the net cash proceeds to Shareholders, whilst retaining sufficient proceeds to effect its strategic plan for the retained business. The Target Business is a successful consulting business, but as part of the Group its potential for investment and growth is limited.

Following the Disposal, the trading operations of the Group will solely comprise Alexander Proudfoot. Alexander Proudfoot is a long established business which has been successful over many decades. It operates globally and is organised on the basis of two regional centres, one focused on the Americas and one on Europe, Africa and Asia. The recent performance of Alexander Proudfoot has been adversely affected by weakness in the natural resources market which has typically provided a substantial proportion of its revenues. Alexander Proudfoot reported revenues of £50.2 million and an underlying operating loss of £5.3 million for the year ended 31 December 2015, and revenues of £25.7 million and an underlying operating loss of £1.9 million for the six months ended 30 June 2016 (all of these preceding figures have

been extracted without material adjustment from the published audited consolidated financial statements of the Group for the year ended 31 December 2015 and the published unaudited financial statements of the Group for the six months ended 30 June 2016). The Board of MCG remains committed to improving the performance of Alexander Proudfoot and restoring the business to profitable growth.

3. KEY BENEFITS OF THE DISPOSAL

- ***Achieves an attractive value for Shareholders***

The agreed gross cash proceeds of approximately \$165 million (equivalent to approximately £127.0 million) (which is subject to post-closing adjustments relating to amounts of debt, debt like items, cash and working capital in the Target Business at Completion) represents approximately 148% of the Group's market capitalisation as at 21 September 2016 (the market capitalisation on this date was £86.0 million, being 506,085,179 shares in issue (excluding treasury shares) at £0.17 per share) being the latest practicable date prior to the announcement of the Disposal. By comparison, the revenue of the Target Business for the year ended 31 December 2015 set out in Part IV (*Financial Information Relating to the Target Business*) of this Circular represented approximately 51% of the Group's revenue from continuing operations as reported in the Group's financial statements for that year. The profit before tax of the Target Business for the year ended 31 December 2015 set out in Part IV (*Financial Information Relating to the Target Business*) of this Circular was £5.3 million compared with a loss before tax from continuing operations reported for the Group as a whole of £3.7 million, principally reflecting the weak trading performance of Alexander Proudfoot.

- ***Strengthens the Group's balance sheet***

The net proceeds from the Disposal will strengthen the financial position of the Group by increasing the level of cash resources available to the remaining business and eliminating the requirement for a working capital facility.

- ***Provides an opportunity to return cash to Shareholders***

The Disposal will allow the Group to return up to £75 million of the net cash proceeds from the Disposal to Shareholders in the Return of Capital, subject to the Reduction of Capital becoming effective. In addition, the Disposal is expected to allow, in due course, a return of further portions of the net cash proceeds from the Disposal to Shareholders by way of dividend or other means. This is subject *inter alia*, to the cancellation of the Company's Deferred Shares in the Reduction of Capital in order to eliminate the deficit on the Company's profit and loss account.

4. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

The Disposal will be effected by way of a sale of the entire issued share capital of the Target Companies.

The gross cash proceeds payable by the Purchaser to the Company for the shares in the Target Companies shall be approximately \$165 million (equivalent to approximately £127 million) (subject to post-closing adjustments relating to the debt, debt like items, cash and working capital position of the Target Business at Completion).

The Disposal is expected to complete in October or November 2016. Completion of the Disposal is conditional on, amongst other things:

- (i) the passing of the Disposal Resolution by Shareholders at the General Meeting;
- (ii) there having been no material adverse change in staff retention rates of the Target Business since the date of signing of the Disposal Agreement to the Completion date; and
- (iii) the competition authorities in the United States, Austria and Germany approving the Disposal.

In the event that the conditions referred to above have not been satisfied by 20 December 2016, the Disposal Agreement will terminate, unless an extension to this date is agreed with Accenture. If the Board changes its recommendation that Shareholders vote in favour of the Disposal prior to the General Meeting, then the Purchaser can terminate the Disposal Agreement and the Company shall pay a fee of £860,000.

The principal terms of the Disposal Agreement are set out in more detail in Part III (*Principal Terms of the Disposal*) of this Circular.

5. FINANCIAL EFFECTS OF THE DISPOSAL AND THE USE OF PROCEEDS

Management Consulting Group is expected to receive net cash proceeds of approximately \$157 million (equivalent to approximately £120.8 million) after the deduction of estimated transaction costs of \$8 million (equivalent to £6.2 million). There will also be non-recurring expenses and cash outflows associated with the Disposal, principally relating to share awards and employee remuneration, and tax expenses arising on the Disposal. After deduction of non-recurring costs and tax expenses the net cash proceeds are expected to be approximately £116 million.

It is intended that, pursuant to the Return of Capital, an amount of up to £75 million (equivalent to up to approximately 14.82 pence per Share) of the net proceeds of the Disposal is returned to Shareholders. Management Consulting Group will use the balance of net cash proceeds of the Disposal after non-recurring costs and tax charges, and after the Return of Capital for general corporate purposes, including the matters referred to below, and will in due course consider returning cash not required for these purposes to shareholders by way of a dividend or other means.

Under the terms of the French Operations Disposal Agreement, on completion of the Disposal, and as a consequence of its size, Management Consulting Group is required to provide security in relation to Management Consulting Group's indemnification obligations. This will require Management Consulting Group to place into an escrow account a sum of €8 million (equivalent to £7.0 million at an exchange rate of €1.14 to £1) for the period up to 7 January 2018, reducing to €4 million for a further six month period to 7 July 2018.

Following Completion, the Group will retain certain assets, obligations and liabilities of the existing Kurt Salmon business, relating principally to back office functions in the United States. Some of these are required to support the transitional services agreements in place with Wavestone and ECG Management Consultants, the acquirers of the French and related operations and the healthcare operations of Kurt Salmon respectively, and the transitional services agreement with Accenture. Following the Disposal, and as these transitional services arrangements with acquirers (including Accenture) fall away over time, the Group will need to make changes to the existing back office functions to reduce costs, in the United States in particular. The Group is also likely to make other changes to its cost base to reflect the reduced scale of the continuing operations of the Group following the Disposal. The Group intends to retain sufficient cash resources to support the ongoing costs of these obligations and liabilities and any related restructuring requirements following the Disposal.

Following the Disposal, Alexander Proudfoot will comprise the sole trading operations of the Group. The Board will continue to take action to restore Alexander Proudfoot to profitable growth.

On Completion of the Disposal, the existing £12.5 million working capital facility with HSBC (the “**Existing Working Capital Facility**”) will be terminated and any amounts drawn down under the Existing Working Capital Facility will be repaid. £3.8 million of the Existing Working Capital Facility was drawn as at 3 October 2016.

The Group will continue to monitor its balance sheet, including the appropriate level of capital, liquidity and cash, taking into account opportunities to further invest in and grow the Group's remaining business, or to seek value for Shareholders through further disposals should appropriate opportunities arise.

The Disposal will generate a one-off IFRS profit on sale of approximately £30 million, taking into account goodwill held in the consolidated balance sheet of the Group which is allocated to the Target Business (but excluding the impact of the recycling of currency translation reserves). The Group profit and loss account reflecting the Disposal will also include the non-recurring expenses relating to the Disposal. Had the Disposal (and the Return of Capital in the amount of £75 million) taken place on 30 June 2016, the pro forma net assets of the Retained Group would have been £66.8 million compared with the reported Group net assets of £114.8 million, as set out in Part V (*Unaudited Pro Forma Financial Information Relating to the Retained Group*) of this Circular.

If the Disposal is completed, it will result in the vesting, on completion, of awards under the Company's Restricted Share Plan and Restricted Share Plan 2 (together, the “**Restricted Share Plans**”) held by employees of the Target Business (“**Target Business Awards**”). It is estimated that if Completion was to take place on 31 October 2016, the number of Ordinary Shares that will be needed to satisfy outstanding Target Business Awards that have either already vested but have not been exercised, or will vest on Completion, will be approximately 13.5 million Ordinary Shares. There are currently approximately

3.7 million Ordinary Shares held by employee benefit trusts that can be used to satisfy the Target Business Awards and a further new 915,172 Ordinary Shares can be issued under the authority given by Shareholders at the general meeting on 17 December 2015. The remaining awards can only be satisfied by: (i) Ordinary Shares purchased in the market by an employee benefit trust funded by the Company or companies in the Group; or (ii) by the payment of cash equivalent amounts. The Company does, however, currently hold 2,427,620 Ordinary Shares in treasury (the “**Treasury Shares**”). If the Treasury Shares are used to satisfy awards under the Restricted Share Plans that vest on completion of Disposal, this would reduce the need for the Company to fund the purchase of additional shares on the market or to satisfy awards by the payment of cash equivalent amounts. Consequently, as a separate ordinary resolution conditional on Completion, Shareholders are being asked to approve the use of the Treasury Shares to satisfy awards under the Restricted Share Plans.

The Board believes that the Disposal will not be accretive to earnings per share. The Disposal will strengthen the financial position of the Group by increasing the level of cash resources available to the Retained Group.

6. THE TRANSACTION INCENTIVE BONUS RESOLUTION

As a separate resolution, Shareholders will be asked to approve the award of a bonus to each of Nicholas Stagg (the Chief Executive) and Christopher Povey (the Finance Director) (together, the “**Transaction Incentive Bonuses**”).

Under the Company’s current Remuneration Policy, the Chief Executive and the Finance Director are eligible to receive an annual bonus of up to 100% of salary. The Remuneration Policy also envisages that awards be made to the Executive Directors under the Company’s 2008 Performance Share Plan (“**PSP**”) over Ordinary Shares with a market value (at date of award) of 100% of annual base salary. The Chief Executive and the Finance Director have not received awards under the PSP in 2014, 2015 or 2016.

The negotiation of the proposed Disposal and the recent disposal of the US Healthcare division of Kurt Salmon has led to the pursuit of different priorities from those envisaged within the framework of the Remuneration Policy. The Board considers that the Disposal is in the best interests of the Company for the reasons set out in Part I (*Letter from the Chairman*) of this Circular.

Accordingly, the Remuneration Committee has recommended that the Transaction Incentive Bonuses, which will be payable within 30 days after Completion, be awarded to the Chief Executive and the Finance Director. Shareholders will be asked to approve the award of Transaction Incentive Bonuses to each of Nicholas Stagg (the Chief Executive) of £550,000 and Christopher Povey (the Finance Director) of £200,000. Payment of the Transaction Incentive Bonus to the relevant director will be contingent on: (i) the completion of the Disposal; and (ii) the relevant director remaining in employment, and not having given notice of leaving employment with the Group, at the time of completion of the Disposal.

Shareholders should note that, although the Transaction Incentive Bonuses constitute related party transactions for the purposes of the Listing Rules, because such bonuses are not of a sufficient size, Shareholders are not being asked to approve the Transaction Incentive Bonuses pursuant to Listing Rule requirements, but rather are being asked to approve the payment of such bonuses pursuant to the requirements of the Companies Act 2006. The Remuneration Committee considers that the Transaction Incentive Bonuses do not fall within the parameters of the existing bonus policy set within the Remuneration Policy, and therefore Shareholders are being asked to approve the Transaction Incentive Bonus Resolution.

The Remuneration Committee is currently considering the remuneration policy that would be appropriate to reflect the altered circumstances of the Group following Completion. If, as a result of that review, the Remuneration Committee concludes that changes are necessary, Shareholder approval for any such changes will be sought via a separate resolution to be proposed to Shareholders at the appropriate time.

7. REDUCTION OF CAPITAL—CANCELLATION OF THE SHARE PREMIUM ACCOUNT

As at 31 December 2015, the Company’s Share Premium Account stood at a sum of £82,664,000.

Share premium is treated as part of the capital of the Company and arises on the issue by the Company of shares at a premium to their nominal value. The premium element is credited to the Share Premium Account.

The share premium account is a non-distributable capital reserve and the Company's ability to use any amount credited to that reserve in order to pay a dividend or otherwise make a distribution to Shareholders is limited by the Companies Act 2006. However, with the approval of its shareholders by way of special resolution and subsequent confirmation by the High Court, a company may reduce or cancel its share premium account and in certain circumstances return all or part of the sum arising to shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account.

It is proposed to cancel part of the Company's Share Premium Account in order to facilitate the Return of Capital of up to £75 million (equivalent to up to approximately 14.82 pence per Share) to Shareholders. The amount of the Share Premium Account to be cancelled will be equal to the proposed Return of Capital (being a maximum of £75 million or such lower amount as is finally determined by the Board). The remaining balance of the Share Premium Account that is not cancelled will not be affected. Other than facilitating the Return of Capital, the part cancellation of the Share Premium Account is not expected to have any other impact on the Company or Shareholders. Approval of the Reduction of Capital Resolution does not guarantee the Return of Capital. The Return of Capital will remain subject to Completion and the final determination of the Board, as described in Section 2 of Part I (*Letter from the Chairman*) of this Circular.

8. REDUCTION OF CAPITAL—DEFERRED SHARES

The Board considers it highly desirable that the Company has the maximum flexibility to consider the payment of dividends and otherwise return value to Shareholders. However, the Company is generally precluded from the payment of dividends or other distributions or the redemption or buy-back of its shares in the absence of sufficient distributable reserves.

As at 31 December 2015 the Company had a retained earnings deficit of £10,220,000.

As at 3 October 2016, the Company's issued share capital included 331,390,961 deferred shares of 24 pence each nominal value. The nominal value of the Deferred Shares is part of the capital of the Company and is not distributable.

The purpose of the cancellation of the Company's Deferred Shares is to eliminate the deficit on the Company's profit and loss account and to create distributable reserves to facilitate the future consideration of the payment of dividends or other distributions to Shareholders, or to allow the redemption or buy back of the Company's Shares, where justified by the financial position of the Company. As the Company currently has negative distributable reserves it is generally prohibited from returning money to its shareholders including by way of dividends or carrying out buy backs of the Company's shares. The proposed cancellation of the Deferred Shares will create sufficient distributable reserves to enable such future distributions or buy backs (if considered appropriate) to be made.

The Deferred Shares arose as a result of a past re-organisation of the Company's share capital. The Deferred Shares were created on 21 April 2010 when the Company's share capital was reorganised and each issued share of 25 pence in the capital of the Company was subdivided and converted into one new Ordinary Share of 1 penny nominal value and a Deferred Share of 24 pence nominal value.

In accordance with Article 5 of the Articles, in 2011, the Company designated an employee of the Company (the "**Deferred Shareholder**") to accept the transfer of all of the Deferred Shares for nil consideration, as provided for in the Articles. The Deferred Shareholder, as the holder of all the Deferred Shares has consented to the Capital Reduction and the Return of Capital proposals.

The Deferred Shares carry only very limited rights to participate in the capital of the Company on a winding-up and carry no voting or dividend rights. These rights are such as to make the Deferred Shares effectively worthless in the hands of the holder. However, in the Company's accounts, the capital paid up on the Deferred Shares represents a capital reserve of £79,533,830.64, being the aggregate nominal value of the Deferred Shares. Cancelling the Deferred Shares with the prior approval of Shareholders by way of a special resolution and subsequent confirmation by the High Court, will remove them from the Company's balance sheet and credit the sum of £79,533,830.64 arising to its profit and loss account. This is a legal and accounting adjustment with the principal effect of eliminating the retained earnings deficit of £10,220,000 and creating distributable reserves of £69,313,830.64. The cancellation of the Deferred Shares will not involve any distribution or repayment of capital by the Company and will not reduce the underlying net assets of the Company. There is no other impact on the Company's share capital, as the number of Ordinary Shares in issue will not be affected by the cancellation of the Deferred Shares.

9. REDUCTION OF CAPITAL—PROCEDURE

In order to effect the Reduction of Capital the Company first requires the authority of its Shareholders by the passing of a special resolution. However, Shareholders should also be aware that, even if the Reduction of Capital Resolution is approved by the Shareholders at the General Meeting, this does not guarantee that the Reduction of Capital will take place. The reason for this is that the Reduction of Capital Resolution will be subject to the scrutiny of, and confirmation by, the High Court to ensure that the interests of existing creditors are protected. The Board intends to schedule the necessary hearings at the High Court at which, subject to the discretion of the High Court, the cancellation of the Share Premium Account will be confirmed. The dates of the High Court hearings will be advertised in a national newspaper, as directed by the High Court, at least seven days in advance.

Assuming the High Court confirms the Reduction of Capital Resolution, the Reduction of Capital will take effect when there is an Order of the High Court confirming it, and a statement of capital approved by the High Court, and both are registered with the Registrar of Companies. The Reduction of Capital (and the Return of Capital in turn) is also conditional on the occurrence of Completion. The effective date of the Reduction of Capital cannot therefore currently be confirmed, but is expected to be as soon as reasonably practicable following confirmation by the High Court.

It is the Company's intention to make the Return of Capital as soon as is practicable following the Reduction of Capital becoming effective. However, as noted above, the Board shall only make a final determination on the amount of the Return of Capital following Completion and shall not proceed if it no longer believes it to be in the best interests of the Shareholders as a whole to proceed (such as in the highly unlikely scenario in which the Directors consider that the Company requires such capital in order to respond to a material unforeseen event). Subject to that, it is intended that within 14 days of the Reduction of Capital becoming effective, cheques would be dispatched to Shareholders who hold their Shares in certificated form and the CREST accounts of Shareholders who hold their Shares through CREST would be credited on or around the same date. The Board reserves the right (where necessary by application to the High Court) to amend, abandon, discontinue or adjourn any application to the High Court for confirmation of the Reduction of Capital, if the Board believes that the terms required to protect creditor interests are disproportionate and unsatisfactory to the Company, or, if as a result of a material unforeseen event the Board considers that to continue with the Reduction of Capital is inappropriate or inadvisable (such as in the highly unlikely scenario described above).

In order to approve the Reduction of Capital, the High Court will need to be satisfied that the interests of the creditors of the Company will not be prejudiced, and this may include seeking consent of the Company's creditors. Therefore, the Company will be seeking written consent to the Reduction of Capital from creditors (including its professional advisors and the Purchaser, in addition to any other creditors that it subsequently forms the view that it may need to seek consent of in order to satisfy the High Court). For the benefit of those of its creditors who do not consent or from whom consent will not be sought, the Company could be obliged to provide security in a form acceptable to the High Court.

If the Company is unable to obtain consent from, or is unable to or unwilling to provide security (where security is required) for all such creditors, then the amount released by the Reduction of Capital, when the Reduction of Capital is confirmed by the High Court, could remain undistributable until such time as any such outstanding consents have been obtained, security (where security is required) has been put in place, or the relevant obligations have been discharged, and the Company could be required to give an undertaking to that effect to the High Court.

The Reduction of Capital does not affect the voting or dividend rights of any Shareholder, or the rights of any Shareholder on any return of capital.

10. SUMMARY FINANCIAL INFORMATION ON THE TARGET BUSINESS

All of the summary financial information with respect to the Target Business set out below is unaudited but has been extracted without material adjustment from the consolidation schedules that support the published audited consolidated financial statements of the Group for the three years ended 31 December 2015, and the unaudited financial statements for the six months ended 30 June 2016. The summary financial information in this section has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS").

Investors should read the entire Circular and not rely solely on the summary financial information contained in this Section. For further financial information relating to the Target Business, please see Part IV (*Financial Information Relating to the Target Business*).

Unaudited income Statement Data

	For the six months ended 30 June	For the year ended 31 December		
	2016	2015	2014	2013
	(£'000)			(£'000)
Gross profit	12,912	22,272	23,482	19,985
Profit from operations—underlying	3,868	5,296	7,979	4,037
Profit before tax	3,101	5,279	7,429	3,418
Profit for the period	1,532	4,961	6,201	2,784

Unaudited balance Sheet Data

	As at 30 June 2016	As at 31 December 2015
	(£'000)	(£'000)
Total non-current assets	107,164	99,388
Total current assets	25,261	18,982
Total assets	132,425	118,370
Total current liabilities	21,564	17,174
Total non-current liabilities	19,820	15,411
Total liabilities	41,384	32,585
Net assets	91,041	85,785

11. INFORMATION ON PURCHASER

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. It works across more than 40 industries and all business functions at the intersection of business and technology to help clients improve their performance and create sustainable value. Accenture has more than 375,000 employees serving clients in more than 120 countries. Accenture's website is www.accenture.com.

12. BOARD, MANAGEMENT AND EMPLOYEES

There will be no changes to the Board as a result of the Disposal.

13. DIVIDEND POLICY

The Board will consider the Company's future dividend policy once the process of reconstruction of reserves as a result of the Reduction of Capital is complete, and in the light of the trading performance and financial position of the Group at that time.

14. EXCHANGE RATE

The Consideration will be received by the Company in US Dollars.

Solely for the convenience of the reader, this Circular contains translations of certain US Dollar amounts into Pounds Sterling, and Pounds Sterling amounts into US Dollars, applying (except where otherwise indicated) an exchange rate of 1.299 Dollar to £1.00, being the closing Dollar per Pound Sterling exchange rate as published by The Financial Times at close of business on 30 September 2016.

15. CURRENT TRADING AND FUTURE PROSPECTS

The Group issued its interim results statement in relation to the six months ended 30 June 2016 on 22 September 2016.

Retained Group

The interim results statement contained the following statements about current trading and future prospects for the Retained Group:

“The continuing operations of the Group comprise Alexander Proudfoot. Following a poor performance in the second half of 2015, in the first half of 2016 Alexander Proudfoot delivered two quarters of solid revenue growth, although not achieving the levels recorded in the first half of 2015. Alexander Proudfoot’s reported revenue for the first half of 2016 was £25.7 million, 23% higher than the preceding six month period (H2 2015: £20.8 million), and 12% lower than the same period in 2015 (H1 2015: £29.3 million). At H1 2015 exchange rates, H1 2016 revenues would have been higher at £26.3 million, the reported revenue reflecting the negative impact in the first half of 2016 of weakening of the Brazilian Real and the South African Rand offset to some extent by the stronger US dollar. The business reported a £1.9 million underlying operating loss in the first half of 2016 compared with a £0.4m operating loss for the first half of 2015 and a £5.3 million loss for 2015 as a whole.

Work for clients in the natural resources sector continued to represent a significant proportion of Alexander Proudfoot’s activities, being 46% of total revenues in the first half of 2016 (H1 2015: 50%). In spite of continuing overall weakness in this sector, which has had a significant adverse impact on Alexander Proudfoot’s revenues in the last two years, the business has been successful this year in securing an increased level of work from larger global mining groups rather than the mid-market players who have been most affected by sector weakness.

The strong first half performance of the North American business seen in 2015 was not repeated in the first half of 2016, with revenues down more than one third on the same period in 2015. This disappointing result was countered to some extent by a much improved performance in Brazil and elsewhere in South America. The European business delivered a slightly improved performance compared with the previous six months, although revenue levels were still below those of the same period in 2015. In the smaller operations in Africa and Asia there was some progress in the first half, but revenues levels here remain too low.

Alexander Proudfoot reported lower revenues year on year and an underlying operating loss in the first half of 2016. Order input in the early part of 2016 was encouraging but from the second quarter activity levels slowed and the current order book is weaker than it was at the beginning of 2016. As a result, the Board expects that revenues in the third quarter of 2016 will be lower than those in the second quarter. Accordingly, the outcome for the year as a whole for Alexander Proudfoot remains uncertain and will depend on order input in the coming months.”

Target Business

The interim results statement contained the following statements about current trading and future prospects for the Target Business:

“The proposed sale of Kurt Salmon’s retail and consumer goods business was announced today. Revenues from the Kurt Salmon retail and consumer goods discontinued operations were £40.4 million, which is £3.3 million or 9% higher than the corresponding first half revenue in 2015 of £37.1 million. On a constant currency basis Kurt Salmon’s H1 2016 revenues would have been £37.9 million, an increase of 2% on the same period, reflecting the positive impact of the stronger US dollar on reported 2016 revenues.

Underlying operating profit from the Kurt Salmon retail and consumer goods discontinued operations was £3.9 million (H1 2015 restated: £3.7 million), representing a margin of approximately 10% and consistent with the margin reported in the first half of 2015.

Kurt Salmon’s operations in North America represented approximately 70% of the Kurt Salmon retail and consumer goods business as a whole in terms of reported revenue in the first half of 2016. The US retail and consumer goods practice delivered a good performance in the first half of 2016, with revenues approximately 6% ahead of the same period in 2015 on a constant currency basis, and at an improved margin. The acquisition of Mobispoke in the second half of 2015 has allowed Kurt Salmon to promote a focused digital offering for clients this year, branded as KS Digital.

Approximately 20% of Kurt Salmon’s revenues were generated in Europe, led by operations in Germany and the UK. Both practices were successful in the first half of 2016 with Germany performing well, although not quite at the high revenue levels achieved in the first half of 2015, and the UK business delivering a strong performance. Kurt Salmon’s operations in Asia were a relatively small proportion of the business as a whole, representing approximately 10% of revenues.”

16. RISK FACTORS

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolutions, please refer to Part II (*Risk Factors*) of this Circular.

17. UK TAXATION

Certain UK tax considerations which arise from the implementation of the Reduction of Capital and which apply to Shareholders resident and in the case of individuals, domiciled, in (and only in) the United Kingdom for UK tax purposes are summarised in Part VIII (*Taxation*) of this Circular.

Any Shareholders who are in any doubt as to their tax position and/or who are subject to tax in a jurisdiction other than the UK should consult their professional advisers without delay.

18. GENERAL MEETING

A notice convening the General Meeting to be held at the offices of Baker & McKenzie LLP being 100 New Bridge Street, London EC4V 6JA on 21 October 2016 at 11.00 am is set out in Part IX (*Notice of General Meeting*) of this Circular. The purpose of the General Meeting is to seek Shareholders' approval for the Disposal. Subject to and conditional on Shareholder approval being received for the Disposal, the Company is also seeking Shareholder approval for the Reduction of Capital, the Transaction Incentive Bonus Resolution and the Restricted Share Plan Resolution. The Disposal is not conditional on receipt of Shareholder approval for the Reduction of Capital Resolution, the Transaction Incentive Bonus Resolution or the Restricted Share Plans Resolution.

19. ACTION TO BE TAKEN

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at that meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to arrive by 11.00 am on 19 October 2016. Completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

20. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Part VI (*Additional Information*) of this Circular. You are advised to read the whole document and not merely to rely on the key summarised information in this letter.

21. DIRECTORS' RECOMMENDATION

The Board considers the Proposals and the Resolutions to be in the best interests of Management Consulting Group and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to in respect of their own beneficial holdings of Ordinary Shares (save that the Chief Executive and the Finance Director have undertaken not to vote their shares in respect of the Transaction Bonus Resolution), being in aggregate 3,913,697 Ordinary Shares, representing approximately 0.8% of Management Consulting Group's issued Ordinary Share capital, excluding shares held in treasury, in each case at 3 October 2016 (the latest practicable date prior to the publication of this Circular).

Yours sincerely



Alan Barber
Chairman

PART II RISK FACTORS

This Part II addresses the risks known to Management Consulting Group and the Directors as at the date of this Circular and which the Directors consider to be material risk factors relating to the Disposal as well as material risks to the Group which will result from, or be affected by, the Disposal.

The following risks set out the necessary disclosure under the Listing Rules and do not seek to cover all of the material risks which generally affect the Group and/or the Retained Group and/or the Target Business. Additional risks and uncertainties, including risks currently unknown to the Company and the Directors, or which the Company and the Directors currently deem immaterial, may also have an adverse effect on the Group and/or the Retained Group and/or the Target Business's operating results, financial condition and prospects if they materialise.

1. RISKS RELATED TO THE DISPOSAL TAKING PLACE

Warranties and indemnities given by the Company in the Disposal Agreement

In the Disposal Agreement, the Company has given a number of warranties and indemnities in favour of the Purchaser which are customary for a transaction of this nature, including certain indemnities pursuant to which the Warrantors have agreed to indemnify the Purchaser for certain liabilities including taxation and other identified potential third party claims in relation to the Target Business as a result of events which occur on or before Completion. This could cause the Retained Group to incur liabilities and obligations to make payments which would not have arisen had the Disposal Agreement not been entered into. If the Company is required in the future to make payments under any of these warranties, undertakings or indemnities, this could have an adverse effect on the Retained Group's cash flow and financial condition.

The aggregate liability of the Company and the Selling Entity for breaches of the Disposal Agreement, including any breaches of warranties (other than those relating to certain tax matters, the ownership of the Target Business and the corporate existence, corporate structure, authority and capacity of the Group, the Company and the Selling Entity), undertakings and indemnities contained in the Disposal Agreement shall not exceed \$16,000,000 (equivalent to approximately £12.3 million) representing approximately 9.7% of the gross cash proceeds to be received by the Company and the Selling Entity under the Disposal Agreement (before any adjustments to the purchase price thereunder). Further details of the Disposal Agreement are set out in Part III (*Principal Terms of the Disposal*) of this Circular.

Warranties and indemnities given by the Purchaser in the Disposal Agreement

The Disposal Agreement contains certain customary warranties, undertakings and indemnities given by the Purchaser in favour of the Company. The extent to which the Purchaser will, if at all, be required to make payments in respect of these warranties, undertakings or indemnities is unpredictable. If, however, the indemnifying party suffers financial distress, any payments due to the Selling Entities in respect of such warranties, undertakings or indemnities may be put at risk, and this could have an adverse effect on the Retained Group's cash flow and financial condition.

Conditions to Completion

Completion is conditional upon, amongst other things:

- (i) the approval by Shareholders of the Disposal Resolution at the General Meeting;
- (ii) there having been no material adverse change in staff retention rates of the Target Business since the date of signing of the Disposal Agreement to the Completion date; and
- (iii) the competition authorities in the United States, Austria and Germany approving the Disposal.

There can be no assurance that all of the conditions will be satisfied and that Completion will take place. If Completion does not occur, any of the risks and uncertainties set out in paragraph 2 of this Part II may affect the Group's business and results.

The Retained Group's operations will be materially smaller, less diversified, have reduced global reach and scale and are currently loss making

Following the Disposal, the Retained Group's business will be materially smaller, less diversified and have reduced global reach and scale. As a result, the Retained Group may be more susceptible to adverse developments in the remaining business and markets in which it operates. The greater sensitivity to fluctuations in this business may have an adverse effect on the cash flow, operating results and financial position of the Retained Group. The Group continues to invest in the performance of the operating businesses comprising the Retained Group however these are currently lossmaking and there can be no guarantee these businesses will return to profitability. Whilst the Board will retain a prudent level of cash reserves following the Disposal, failure to return the remaining business of the Retained Group to profitability could, in the longer term, deplete the Retained Group's cash reserves. In such circumstances the Board would consider all available options in the best interests of its stakeholders, including restructuring or selling all or part of the operating businesses of the Retained Group or seeking additional funding. In the unlikely event that the Board was unable to take further action, continued losses within the Retained Group would in the longer term restrict the Retained Group's ability to meet its obligations as they fall due. Even if profitability is achieved weak performance in the remaining business of the Retained Group, or in any particular part of it, or in any of the remaining markets in which it operates, may have a proportionately greater adverse impact on the financial condition of the Retained Group than would have been the case prior to the Disposal.

There is a risk that potential customers of Alexander Proudfoot view the reduced scale and profitability of Management Consulting Group unfavourably. This could lead to certain customers reducing the services they procure from the Retained Group, ceasing to procure services from the Retained Group altogether, and/or seeking to amend the terms on which they procure services from the Retained Group, which could have a material adverse impact on the Retained Group's financial position and results.

Transitional Services Agreements

On Completion, the Company and an affiliate of the Company will enter into a transitional services agreement with Kurt Salmon US, Inc. pursuant to which they will provide certain employee support, general business processes and tools and IT infrastructure transition services to the Target Business for a period of up to one year following Completion (the "**Transitional Services Agreement**"). The Retained Group will need to retain and commit resources in order to provide such services. There can be no assurance that the Company (or its affiliate) or Kurt Salmon US Inc., will not breach and / or terminate this Transitional Services Agreement (or those described at Section 5 of the Chairman's letter set out in Part I of this Circular (*Letter from the Chairman*)) without cause during its term, which may have an adverse effect on the Retained Group.

Further details of the Transitional Services Agreements are set out in Part III (*Principal Terms of the Disposal*) of this Circular.

The Retained Group may not realise the perceived benefits of the Disposal

The Retained Group may not realise the anticipated benefits of the Disposal set out in Section 5 of the Chairman's letter set out in Part I of this Circular (*Letter from Chairman*). The Retained Group may encounter substantial difficulties in achieving these anticipated benefits and/or these anticipated benefits may not materialise. Failure to realise the anticipated benefits of the Disposal could have an adverse effect on the Retained Group's financial condition and results.

The Retained Group may not resume the payment of dividends in the short term, or at all

The Company currently has no distributable reserves and is not currently in a position to pay dividends. As a special resolution, Shareholders are being asked to approve the cancellation of the Company's Deferred Shares in order to eliminate the deficit on the Company's profit and loss account and to create distributable reserves to facilitate the future consideration of the payment of dividends or other distributions or the buy-back of shares. If the special resolution to cancel the Deferred Shares is approved by the Shareholders at the General Meeting, it will be subject to the scrutiny of, and confirmation by, the High Court to ensure that the interests of existing creditors are protected. There can be no assurance that the Company will obtain the approvals necessary to reconstruct its reserves to enable dividend payments to be resumed in the short term, or at all.

2. RISKS RELATING TO THE DISPOSAL NOT PROCEEDING

Potentially disruptive effect on the Group

As a listed company, Management Consulting Group is required to publicise the Disposal in advance of Completion (including by the publication of this Circular). Uncertainty caused by the need to satisfy conditions precedent to Completion could negatively affect the Group's relationship with affected employees and key management. Furthermore, if the Disposal does not then proceed, Management Consulting Group's management and employees may be affected by the Group's decision to pursue the Disposal and key management or employees may choose to leave Management Consulting Group. This may have a negative effect on the performance of Management Consulting Group. Additionally, to maintain Shareholder value, Management Consulting Group's management would be required to continue to allocate time and cost to the ongoing supervision of the Target Business if the Disposal does not proceed.

Negative impact on customer relationships

Following certain public announcements, customers of the Group may view the Disposal unfavourably and consequently could reduce the services they procure from the Group, cease procuring services from the Group altogether, and/or seek to amend the terms on which they procure services from the Group, which could have a material adverse impact on the Group's financial position and results.

Furthermore, if the Disposal does not proceed, there is a risk that Kurt Salmon's client and potential client base are uncertain about Management Consulting Group's strategy and continued support for the Target Business. This could result in a loss of business for Kurt Salmon, which may have a material adverse impact on the Group's financial position and results.

Loss of Shareholder value

The Board believes that the Disposal is in the best interests of the Shareholders taken as a whole and that it currently provides the best opportunity to realise an attractive and certain value for the Target Business. If the Disposal does not proceed, the value of the Target Business to Management Consulting Group may be lower than can be realised by way of the Disposal and Management Consulting Group's ability to deliver additional tangible shareholder value may be delayed or prejudiced.

PART III PRINCIPAL TERMS OF THE DISPOSAL

1. INTRODUCTION

The Disposal Agreement was entered into on 21 September 2016 between the Selling Entities and the Purchaser for the sale and purchase of the entire issued share capital of the Target Companies. The principal terms of the Disposal Agreement are set out in this Part III.

2. STRUCTURE OF THE DISPOSAL

Pursuant to the Disposal Agreement, the Company will sell the entire issued share capital of the Target Companies, and through this sale, the Target Companies and certain other subsidiaries will directly or indirectly transfer to the Buyer, as listed below:

- Kurt Salmon Canada Ltd.;
- Kurt Salmon Germany GmbH;
- Kurt Salmon UKI Ltd.;
- MCG U.S. Holdings, Inc.;
- Kurt Salmon US Inc.;
- Vertical Retail Consulting Hong Kong Ltd.;
- Vertical Retail Consulting (Shanghai) Ltd; and
- Vertical Retail Consulting Ltd.

3. CONSIDERATION

The aggregate consideration payable by the Purchaser to the Company for the shares in the Target Companies at Completion shall be approximately \$165 million (equivalent to approximately £127.0 million) (the “**Purchase Price**”).

The Purchase Price is subject to post-Completion adjustments to be agreed upon by the Company and the Purchaser relating to amounts of financial debt and debt-like items, the appropriate level of the existing provisions, cash and working capital in the Target Business at Completion.

4. CONDITIONALITY

Completion of the Disposal is conditional on, amongst other things:

- (i) the passing of the Disposal Resolution by Shareholders at the General Meeting;
- (ii) there having been no material adverse change in staff retention rates of the Target Business since the date of signing of the Disposal Agreement to the Completion date; and
- (iii) the competition authorities in the United States, Austria and Germany approving the Disposal.

In the event that Completion of the Disposal has not occurred by 20 December 2016, either the Purchaser or the Selling Entities may terminate the Disposal Agreement.

If the Board changes its recommendation that Shareholders vote in favour of the Disposal prior to the General Meeting, or the Disposal Resolution is not passed by Shareholders at the General Meeting then the Purchaser can terminate the Disposal Agreement and the Company shall pay a fee of £860,000, being not more than 1% of the Company’s market capitalisation.

In addition, from the date of the Disposal Agreement through the Completion Date, the Company and its representatives are obligated by certain “No Shop” provisions in the Disposal Agreement to cease entertaining any competing offers or solicitations for the Target Business and, subject to fiduciary duties and applicable law, to take certain actions in the event that a competing offer for the Target Business is affirmatively proposed by a third party.

5. WARRANTIES

The Company has given a number of warranties and indemnities which are customary for a transaction of this nature, including certain indemnities pursuant to which the Company has agreed to indemnify the Purchaser for any tax and other specified liabilities arising in the Target Business as a result of events which occurred on or before Completion. The warranties were given as of the date of the Disposal Agreement. The warranties are to be repeated at Completion by reference to the facts and circumstances then existing. The

warranties given by the Company are subject to an insurance policy paid for by the Company which, in exchange for a fee of \$540,000 paid by the Company, provides, subject to certain enumerated exclusions, up to \$16 million worth of coverage for any breaches of warranties.

The aggregate liability of the Company for breaches of the warranties and indemnities contained in the Disposal Agreement shall not exceed \$16 million. There are exceptions to this in relation to the warranties relating to due organization, authority and enforceability, organization and good standing of the Target Companies, capitalization and ownership, brokerage fees and tax matters (collectively, the “**Fundamental Warranties**”), where liability is capped at the Purchase Price.

The Purchaser is not entitled to recover any amount in respect of warranty claims and claims under the indemnities unless the aggregate claims under the warranties and indemnities exceeds \$1.4 million and then only to the extent such claims exceed that amount.

General warranty claims must be brought within 18 months after the date of Completion except that claims under the Fundamental Warranties must be brought within four years of the date of Completion (except for the tax warranty, which must be brought within six years of the date of Completion).

6. RESTRICTIVE COVENANTS

The Selling Entities have agreed that for a period of three years after Completion (whether alone or jointly with others) they will not and will procure that the members of the Group will not carry on or be engaged or interested in a business that directly competes with the core business of the Target Companies, subject to certain exemptions including in relation to other businesses of the Company and continued engagement in the Alexander Proudfoot business.

7. UNDERTAKINGS

The parties to the Disposal Agreement have agreed to effect certain corporate steps required to remove some legal entities not forming part of the Target Business that are currently wholly owned subsidiaries of the Target Entities.

The Company has undertaken to the Purchaser that the Target Business will continue to trade in the ordinary course of business in all material respects until Completion and will not carry out certain actions without the prior written consent of the Purchaser.

8. ANCILLARY AGREEMENTS

On Completion, the Company and an affiliate of the Company will enter into a Transitional Services Agreement with Kurt Salmon US Inc. in relation to the provision of certain employee support, general business processes and tools, and IT infrastructure transition services for a period of up to one year after Completion (such services can be terminated earlier upon notice under certain circumstances) for a total fixed fee of approximately \$632,000 per month, subject to certain adjustments.

On Completion, the Company and certain affiliates of the Company will enter into an Intellectual Property Assignment Agreement with an affiliate of the Purchaser in relation to the transfer and assignment of all right, title, and interest in any and all intellectual property identified therein free and clear of all claims.

9. GOVERNING LAW

The Disposal Agreement is governed by New York law.

PART IV FINANCIAL INFORMATION RELATING TO THE TARGET BUSINESS

The financial information presented below relates to the Target Business and has been extracted without material adjustment from the consolidation schedules that support the published audited consolidated financial statements of the Group for the three years ended 31 December 2015 and the published unaudited financial statements for the six months ended 30 June 2016.

The financial information in this Part IV has been prepared under IFRS. The accounting policies used are consistent with the accounting policies adopted in Management Consulting Group's published consolidated financial statements for each of the financial years presented.

The financial information reflects, therefore, the contribution of the Target Business to the Group during this period, applying the relevant accounting policies. The Target Business as a whole does not publish its own financial statements, although some of the legal entities which comprise the Target Business do publish their own audited financial statements separately, and certain of the accounting policies used therein differ from those of Management Consulting Group. Accordingly, the financial information presented below may differ from the equivalent information published by those legal entities which, in part, comprise the Target Business.

The financial information in this Part IV does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The consolidated statutory accounts of Management Consulting Group in respect of the years ended 31 December 2013, 31 December 2014 and 31 December 2015 have been delivered to the Registrar of Companies. The auditors' reports in respect of those statutory accounts for the three years ended 31 December 2015 were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. Deloitte LLP were the auditors of the Group in respect of the three years to 31 December 2015 and reviewed the financial statements for the six months ended 30 June 2016.

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part IV.

Unaudited income statement for the Target Business for the six months ended 30 June 2016 and the financial years ended 31 December 2015, 2014 and 2013

	For the six months ended 30 June	For the year ended 31 December		
	2016	2015	2014	2013
				(£'000)
Revenue	40,429	71,353	69,157	61,959
Cost of sales	(27,517)	(49,081)	(45,674)	(41,974)
Gross profit	12,912	22,272	23,482	19,985
Administrative expenses—underlying	(9,044)	(16,976)	(15,503)	(15,948)
Profit from operations—underlying	3,868	5,296	7,979	4,037
Administrative expenses—non-recurring	(658)	196	(291)	(344)
Profit from operations—before amortisation	3,210	5,492	7,688	3,693
Total administrative expenses	(9,702)	(16,780)	(15,794)	(16,292)
Profit from operations	3,210	5,492	7,688	3,693
Investment income	0	6	21	4
Finance costs	(109)	(219)	(280)	(279)
Profit before tax	3,101	5,279	7,429	3,418
Tax	(1,569)	(318)	(1,228)	(634)
Profit for the year attributable to equity holders	1,532	4,961	6,201	2,784

Unaudited balance sheets of the Target Business as at 30 June 2016 and 31 December 2015

	<u>As at 30 June 2016</u> <u>(£'000)</u>	<u>As at 31 December 2015</u> <u>(£'000)</u>
Non-current assets		
Intangible assets	94,312	87,296
Property, plant and equipment	1,483	1,460
Financial assets	472	436
Deferred tax assets	10,897	10,196
Total non-current assets	<u>107,164</u>	<u>99,388</u>
Current assets		
Trade and other receivables	24,300	18,101
Current tax receivables	961	881
Cash and cash equivalents	—	—
Total current assets	<u>25,261</u>	<u>18,982</u>
Total assets	<u>132,425</u>	<u>118,370</u>
Current liabilities		
Financial Liabilities	—	—
Trade and other payables	(19,896)	(16,249)
Current tax liabilities	(1,668)	(925)
Total current liabilities	<u>(21,564)</u>	<u>(17,174)</u>
Net current assets/(liabilities)	3,697	1,808
Non-current liabilities		
Financial liabilities	—	—
Retirement benefit obligations	(12,072)	(9,487)
Non-current tax liabilities	(7,005)	(5,271)
Long term provisions	(743)	(653)
Total non-current liabilities	<u>(19,820)</u>	<u>(15,411)</u>
Total liabilities	<u>(41,384)</u>	<u>(32,585)</u>
Net assets	<u>91,041</u>	<u>85,785</u>

The income statements for the Target Business set out above in this Part IV include: (i) expenses related to certain back office functions in the United States which will be retained by the Group following completion of Disposal, and (ii) expenses related to the allocation of certain MCG Group costs to the Target Business. These expenses are included in the consolidation schedules relating to the Target Business that support the published audited consolidated financial statements of the Group for the three years ended 31 December 2015 and the unaudited financial statements for the six months ended 30 June 2016.

The balance sheets of the Target Business set out above in this Part IV include assets and liabilities related to certain back office functions in the United States which will be retained by the Group following completion of Disposal. These assets and liabilities are included in the consolidation schedules relating to the Target Business that support the published audited consolidated financial statements of the Group for the year ended 31 December 2015 and the unaudited financial statements for the six months ended 30 June 2016. Intangible assets include goodwill in the Group balance sheet which is attributable to the Target Business. The total assets and total liabilities of the Target Business as set out in the table above are shown in the unaudited financial statements of the Group for the six months ended 30 June 2016 as assets held for sale of £132,425,000 and liabilities held for sale of £41,384,000 respectively.

PART V

UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE RETAINED GROUP

(A) Unaudited pro forma financial information relating to the Retained Group

The unaudited pro forma statement of net assets of the Retained Group set out below (the “**Pro Forma Financial Information**”) has been prepared in a manner consistent with the accounting policies adopted in the Group’s audited financial statements for the year ended 31 December 2015 and is based on:

- Management Consulting Group’s unaudited interim financial statements for the six months ended 30 June 2016; and
- the financial information relating the Target Business set out in Part IV (Financial Information relating to the Target Business) of this Circular

The Pro Forma Financial Information has been prepared, in accordance with Annex II of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R and on the basis of the notes set out below, to illustrate the effect of the Disposal and the Return of Capital on the net assets of the Group as if these transactions had occurred on 30 June 2016.

The Pro Forma Financial Information is shown for illustrative purposes only. Due to its nature, it addresses a hypothetical situation and, therefore, does not represent the Retained Group’s actual financial position or results following the Disposal.

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part V.

Deloitte LLP’s report on the Pro Forma Financial Information is set out in Part (B) of this Part V.

	Adjustments				
	Group 30 June 2016	Kurt Salmon US Healthcare	Target Business net assets	Net proceeds and Return of Capital	Pro forma 30 June 2016
	Note 1	Note 2	Note 3	Note 4	Note 5
	£’000	£’000	£’000	£’000	£’000
Non-current assets					
Intangible assets	46,999	—	—	—	46,999
Property, plant and equipment	575	—	—	—	575
Investments	275	—	—	—	275
Deferred tax assets	5,659	—	—	—	5,659
Total non-current assets	53,508	—	—	—	53,508
Current assets					
Trade and other receivables	8,462	—	—	—	8,462
Current tax receivables	205	—	—	—	205
Cash and cash equivalents	7,983	1,666	—	43,045	52,694
Assets held for sale	141,689	(9,264)	(132,425)	—	—
Total current assets	158,339	(7,598)	(132,425)	43,045	61,361
Total assets	211,847	(7,598)	(132,425)	43,045	114,869
Current liabilities					
Financial liabilities	—	—	—	—	—
Trade and other payables	(25,263)	—	—	—	(25,263)
Current tax liabilities	(3,650)	—	—	—	(3,650)
Liabilities held for sale	(42,919)	1,535	41,384	—	—
Total current liabilities	(71,832)	1,535	41,384	—	(28,913)
Net current assets/liabilities	86,507	(6,063)	(91,041)	43,045	32,448
Non-current liabilities					
Financial liabilities	(6,063)	6,063	—	—	—
Retirement benefit obligations	(17,658)	—	—	—	(17,658)
Deferred tax liabilities	(814)	—	—	—	(814)
Long term provisions	(649)	—	—	—	(649)
Total non-current liabilities	(25,184)	6,063	—	—	(19,121)
Total liabilities	(97,016)	7,598	41,384	—	(48,034)
NET ASSETS	114,831	—	(91,041)	43,045	66,835

Notes:

1. The consolidated net assets of the Group as at 30 June 2016 have been extracted, without adjustment, from the published unaudited consolidated financial statements of the Group for the six months ended 30 June 2016 (the “Group Interim financial statements”), which were produced in accordance with IFRS.
2. The sale of the Kurt Salmon healthcare consulting business in the United States (“Kurt Salmon Healthcare”) was announced as a class 2 transaction on 12 July 2016 and completed on 29 July 2016, as explained in Part 1 (*Letter from the Chairman*) of this Circular. The adjustments reflect:
 - a. the net assets of Kurt Salmon Healthcare included as assets and liabilities held for sale in the Group’s Interim financial statements of £9,264,000 and £1,535,000 respectively;
 - b. the net proceeds from the disposal of Kurt Salmon Healthcare of £1,666,000, after repayment of amounts drawn down under the Existing Working Capital Facility at 30 June 2016 of £6,063,000; and
 - c. the repayment of the amounts drawn down under the Existing Working Capital Facility at 30 June 2016 of £6,063,000.
3. The net assets of the Target Business as at 30 June 2016 have been extracted, without adjustment, from the financial information on the Target Business as set out in Part IV (Financial Information on the Target Business) of this Circular.
4. The Disposal adjustments reflect an adjustment to cash and cash equivalents of £43,045,000 representing net cash proceeds of £118,045,000 less a return of capital to shareholders of £75,000,000. Net cash proceeds are calculated as expected gross cash proceeds from the Disposal of \$165,000,000, after deduction of the estimated transaction costs of \$8,000,000, at an exchange rate of \$1.33 to £1, being the rate at 30 June 2016.
5. Apart from the adjustment described in note 2 above, no adjustments have been made to the unaudited pro forma financial information to reflect the trading results or any other transaction of the Group since 30 June 2016.

(B) Accountants’ report on the unaudited pro forma financial information relating to the Retained Group

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The Board of Directors
on behalf of Management Consulting Group PLC
10 Fleet Place
London
EC4M 7RB

N M Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL

4 October 2016

Dear Sirs,

Management Consulting Group PLC (the “Company”)

We report on the pro forma statement of net assets (the “Pro forma financial information”) set out in Section A of Part V of the Class 1 circular dated 4 October 2016 (the “Circular”), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the disposal of the Kurt Salmon retail and consumer good consulting businesses in the United States, Canada, the United Kingdom, Germany, China, Hong Kong and Japan (the “Target Business”) and the Return of Capital might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its consolidated financial statements for the year ended 31 December 2015. This report is required by the Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.



Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

PART VI
ADDITIONAL INFORMATION

1. RESPONSIBILITY

MCG and the Directors, whose names appear at paragraph 3 below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of MCG and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

The Company was incorporated and registered in England and Wales on 22 January 1971 under the Companies Act 1948 to 1967 and under the name City and Foreign Investment Company Limited. On 9 February 1982, the Company was re-registered as a public company under the Companies Acts 1948 to 1980 in the name City and Foreign Investment plc. On 10 February 1987, the Company changed its name from City and Foreign Investment plc to City and Foreign Holdings plc. On 11 December 1987 the Company changed its name from City and Foreign Holdings plc to Alexander Proudfoot plc. On 4 June 1993 the Company changed its name from Alexander Proudfoot plc to Proudfoot plc. On 1 July 1999 the Company changed its name from Proudfoot plc to Proudfoot Consulting plc. On 2 January 2001 the Company changed its name from Proudfoot Consulting plc to Management Consulting Group PLC. It is a public company limited by shares. The Company's registered number is 1000608. The registered and head office of the Company is 10 Fleet Place, London EC4M 7RB. The telephone number of the registered address is +44 (0)20 7710 5000. The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act 2006 and regulations made thereunder.

3. THE DIRECTORS AND SENIOR MANAGERS

Directors	Alan Barber (Chairman) Nicholas Stagg (Chief Executive) Christopher Povey (Finance Director) Marco Capello (Non-Executive Director) Nigel Halkes (Non-Executive Director) Emilio Di Spiezio Sardo (Non-Executive Director) Julian Waldron (Non-Executive Director)
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Company Secretary	Charles Ansley
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Registered Office	10 Fleet Place London EC4M 7RB
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4. DIRECTORS AND SENIOR MANAGERS INTERESTS IN SHARES

As at 3 October 2016 (being the latest practicable date before the publication of this Circular), the interests of each Director, including those of any connected person (within the meaning of the Companies Act 2006 and the provisions of the Disclosure Guidance and Transparency Rules), the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of MCG together with any options in respect of such capital were as follows:

<u>Name of Director</u>	<u>Number of Ordinary Shares as at 3 October 2016</u>	<u>Percentage of Ordinary Shares</u>
A J Barber	2,200,000 ¹	0.43%
N S Stagg	1,364,972 ²	0.27%
C J Povey	32,000 ³	0.01%
M Capello	— ⁴	— ⁴
N L Halkes	60,000	0.01%
E Di Spiezio Sardo	— ⁴	— ⁴
J Waldron	256,725	0.05%

1. 150,000 of these shares are registered in the name of James Hay Nominees Limited a/c YSIPP and 150,000 of these Shares are registered in the name of CGWL Nominees a/c GC1. A J Barber is deemed to be interested in the remaining 1,900,000 Shares, which are held for the benefit of his spouse.

2. 199,250 of these Shares are registered in the name of Redmayne (Nominees) a/c P84647R and 45,000 of these Shares are registered in the name of Redmayne (Nominees) a/c CS3738R.
3. These Shares are registered in the name of RBS Nominees.
4. M. Capello and E. Di Spiezio Sardo are partners in BlueGem Capital Partners LLP whose interest in the Company is disclosed in paragraph 6 ("Major Interests in Shares") below.

5. DETAILS OF DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts are set out on pages 53, 54, 55 and 56 of MCG's Annual Report and Financial Statements for the year ended 31 December 2015, which has been incorporated by reference into this Circular.

6. MAJOR INTERESTS IN SHARES

Save as in respect of the interests of the Directors noted above and save as disclosed below, MCG is not aware of any person who directly or indirectly, had, as at 3 October 2016 (being the latest practicable date before the publication of this Circular) a notifiable interest in the Ordinary Shares under Disclosure Guidance and Transparency Rule 5.

<u>Name of Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of existing issued share capital</u>
BlueGem Capital Partners LLP	124,629,895	24.63%
Henderson Global Investors Ltd	132,158,138	26.11%
Aberforth Partners LLP	24,844,660	4.91%
Richard Griffiths	21,465,542	4.24%
Norges Bank	18,696,236	3.69%

The Shareholders detailed in the above table do not have different voting rights from those of the other Shareholders.

7. MATERIAL CONTRACTS

Retained Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this Circular which are or may be material to the Retained Group; or (ii) which contain any provisions under which any member of the Retained Group has any obligation or entitlement which is, or may be, material to the Retained Group as at the date of this Circular, save as disclosed below:

- (i) *An agreement dated 24 November 2015 between (1) MCG as borrower (2) various subsidiaries of MCG (as borrowers) (3) various subsidiaries of MCG (as guarantors) (3) HSBC Bank plc as facility agent and arranger and (4) HSBC Bank plc as the original lender (the "2015 Facility Agreement") for a £15,000,000 multi-currency committed revolving credit facility (the "Existing Working Capital Facility").*

The Existing Working Capital Facility is to be made available, subject to the satisfaction of customary conditions precedent, for refinancing and general corporate and working capital purposes of the Group including acquisitions, as well as refinancing borrowings of the Group. It has a final maturity date of 31 March 2019, and may also be provided by way of ancillary facilities, such that a lender may agree to provide, on a bilateral basis, ancillary facilities such as an overdraft facility, a guarantee, bonding, documentary or stand-by letter of credit facility, a short term loan facility, derivatives facility, foreign exchange facility, or others as agreed with an ancillary lender.

Interest rates and fees

The rate of interest is the percentage rate per annum, which is the aggregate of the applicable margin and LIBOR or, in relation to any loan in Euro, EURIBOR. The margin is between 1.35% and 2.20% per annum, subject to a margin ratchet mechanism based on leverage for the relevant period. The initial margin will be 1.35% per annum. The margin ratchet is subject to there being no continuing event of default. Default interest is also payable if an amount is not paid when due (at an additional 1% per annum).

MCG is required to pay a commitment fee equal to 40% of the applicable margin on the undrawn portion of the facilities under the 2015 Facility Agreement during the relevant availability period.

Pricing on ancillary facilities is determined by agreement between the relevant ancillary lenders and the borrowers of that facility based upon normal commercial terms at the relevant time.

Representations and covenants

The 2015 Facility Agreement requires the Company and in some cases other obligors to make a number of customary representations and warranties, and to comply with a number of customary general covenants and information covenants.

Financial covenants

The 2015 Facility Agreement also contains two financial covenants, the first relating to interest cover and requiring that the ratio of EBITDA to net finance charges is not less than 4.00:1, and the second relating to leverage, requiring the ratio of total net debt to adjusted EBITDA to not exceed 2.50:1, each to be tested quarterly and by reference to a rolling 12 month period up to the relevant test date.

Events of default

The 2015 Facility Agreement contains customary events of default.

- (ii) *A deed of amendment dated 6 September 2016 between (1) MCG as borrower (2) various subsidiaries of MCG (as guarantors) and (3) HSBC Bank plc as facility agent, arranger and the lender to amend the Existing Working Capital Facility.*

The 2015 Facility Agreement was amended to reduce the limit on borrowings under the facility from £15,000,000 to £12,500,000.

- (iii) *An agreement dated 25 November 2015 between (1) Management Consulting Group plc as seller, (2) MCG Holdings Netherlands B.V. as the selling party, and (3) Wavestone (formerly Solucom) as purchaser (the “**French Operations Disposal Agreement**”).*

On 8 January 2016, the Company announced the completion of the sale of its Kurt Salmon operations in France, Belgium, Luxembourg, Switzerland and Morocco, together with certain related operations in the United States (“**French Completion**”), to Wavestone, for a total gross cash consideration of approximately €84 million, subject to certain adjustments (the “**French Operations Disposal**”). The French Operations Disposal was of sufficient size relative to the Group, at the time of signing, to constitute a Class 1 transaction under the Listing Rules. A circular was sent to shareholders on 30 November 2015. The contract was governed by French law.

Structure

Pursuant to the French Operations Disposal Agreement, the Company sold the entire issued share capital of Management Consulting Group France SAS, which also resulted in the indirect transfer of ownership of the following subsidiaries:

- Kurt Salmon Associates France SA;
- Kurt Salmon France SAS;
- Kurt Salmon Luxembourg SA;
- Kurt Salmon Belgium SA/NV;
- Kurt Salmon Maroc Sarl;
- Kurt Salmon Switzerland Sarl; and
- a newly incorporated US entity (together, the “**Disposed Entities**”).

Warranties, restrictive covenants and undertakings

Under the terms of the French Operations Disposal Agreement, the Company gave a number of warranties and indemnities which are customary for such a transaction, including certain indemnities for tax or other specified third party liabilities. The warranties were given at the time signing and French Completion. The Company's liability for breaches of warranties and indemnities under the French Operations Disposal Agreement was capped at €15 million.

The Company agreed with Wavestone that for a period of three years following French Completion it would not and will procure that the rest of the Group shall not carry on or be engaged or interested in a business that directly competes with the core business of Management Consulting Group France SAS, subject to certain customary exceptions.

Further, the Company agreed to effect certain corporate steps to remove certain legal entities that were part of its French operations, but did not form part of the French Operations Disposal, and to enable the Disposed Entities to settle certain intra-company balances.

Licence agreement

Under the terms of the French Operations Disposal Agreement, the Company granted Wavestone a licence to use the Kurt Salmon name for a period of three years from French Completion in France, Belgium, Switzerland, Luxembourg and, in relation only to the financial sector and related CIO-advisory business being acquired by the purchaser and subject to it being used in conjunction with the Wavestone name, the United States subject to certain customary terms and conditions.

Transitional services agreements

On French Completion, Kurt Salmon US Inc. entered into: (a) a transitional services agreement with the newly incorporated US entity in relation to the provision of back-office support services for a period of up to one year after French Completion for a total fee of approximately US\$127,200 per month; and (b) a transitional services agreement with Wavestone in relation to the provision of certain IT services.

- (iv) *An agreement dated 12 July 2016 between (1) Management Consulting Group plc as seller; and (2) ECG Management Consultants as purchaser, relating to the sale of the healthcare consulting business of Kurt Salmon in the United States.*

On 12 July 2016, the Company announced that it had entered into an agreement for the sale of the healthcare consulting business of Kurt Salmon in the United States to ECG Management Consultants. The sale completed on 29 July 2016 with the Company receiving gross consideration of \$11.9 million. A further \$1 million of consideration is deferred and contingent on post completion performance. The Kurt Salmon healthcare business sold under the agreement provides management consulting services to major hospital groups and healthcare organisations throughout the United States.

Target Business

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Target Business either: (i) within the period of two years immediately preceding the date of this Circular which are or may be material to the Target Business; or (ii) which contain any provisions under which any member of the Target Business has any obligation or entitlement which is, or may be, material to the Target Business as at the date of this Circular.

8. LITIGATION

Retained Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings being pending or threatened) which during the last twelve months prior to the date of this Circular may have, or in the recent past have had, a significant effect on the Retained Group's financial position or profitability.

Target Business

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings being pending or threatened) which during the last twelve months prior to the date of this Circular may have, or in the recent past have had, a significant effect on the Target Business's financial position or profitability.

9. WORKING CAPITAL

MCG is of the opinion that, taking into account the net Disposal proceeds and on the basis of a maximum proposed Return of Capital of £75 million, the Retained Group has sufficient working capital for its present requirements, that is for, at least the next 12 months from the date of this Circular.

10. CONSENTS

Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report in Part V (*Unaudited Pro Forma Financial Information Relating to the Retained Group*) of this Circular in the form and context in which it is included.

11. SIGNIFICANT CHANGES

Retained Group

Other than as described below, there has been no significant change in the financial or trading position of the Retained Group since 30 June 2016, being the date to which MCG's most recent unaudited financial statements have been prepared.

On 12 July 2016, the Company announced that it had agreed to sell its Kurt Salmon Healthcare Business in the United States for approximately \$12.0 million (£9.2 million). This transaction completed on 29 July 2016.

Target Business

There has been no significant change in the financial or trading position of the Target Business since 30 June 2016, being the date to which the most recent financial information on the Target Business, presented in Part IV (Financial Information Relating to the Target Business) of this Circular has been prepared.

12. RELATED PARTY TRANSACTIONS

Save for the proposed arrangements disclosed in Section 6 of Part I (*Letter from the Chairman*) of this Circular, the Half Year Report of the Company for the six months ended 30 June 2016 and the Annual Reports and Financial Statements of the Company for the years ended 31 December 2015, 2014 and 2013, each of which has been incorporated by reference into this Circular, MCG has not entered into any related party transactions during the three financial years ended 31 December 2015, 2014 and 2013, nor during the period between 30 June 2016 and 3 October 2016, being the latest practicable date prior to publication of this Circular. Related party transactions for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002.

13. INFORMATION INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this Circular, so as to provide the information required pursuant to the Listing Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and the Disposal, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and the Target Business. These documents are available on the Company's website at www.mcgplc.com.

<u>Document</u>	<u>Section</u>	<u>Page number(s) in such documents</u>
Half Year Report of the Company for the six months ended 30 June 2015	Notes to the Consolidated Financial Statements	12
Annual Report and Financial Statements of the Company for the year ended 31 December 2015	Notes to the Consolidated Financial Statements	75 to 118
Annual Report and Financial Statements of the Company for the year ended 31 December 2014	Notes to the Consolidated Financial Statements	76 to 114
Annual Report and Financial Statements of the Company for the year ended 31 December 2013	Notes to the Consolidated Financial Statements	65 to 103

Information that is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of MCG and at the offices of Baker & McKenzie LLP, being 100 New Bridge Street, London EC4V 6JA from the date of this Circular up to and including the date of the General Meeting and for the duration of the General Meeting:

- 14.1 the Articles of Association of the Company;
- 14.2 the Annual Report and Financial Statements of the Company for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013;
- 14.3 the Half Year Report of the Company for the six months ended 30 June 2016;
- 14.4 Deloitte LLP's report on the unaudited pro forma statement of net assets included in Section B of Part V (*Unaudited Pro Forma Financial Information Relating to the Retained Group*) of this Circular;
- 14.5 the written consent letter referred to in paragraph 10 of this Part VI;
- 14.6 this Circular and the Form of Proxy;
- 14.7 the Disposal Agreement;
- 14.8 a memorandum setting out the particulars of the Transaction Incentive Bonuses and the ways in which these are not consistent with the Company's current Remuneration Policy; and
- 14.9 the rules of the Restricted Share Plans, as amended, referred to in Section 5 (*Financial Effects of the Disposal and Use of Proceeds*) of Part I (*Letter from the Chairman of Management Consulting Group PLC*).

PART VII DEFINITIONS

“Articles”	the Articles of Association of the Company;
“Board” or “Directors”	the board of directors of Management Consulting Group PLC;
“Business Day”	any day, other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business;
“Company” or “MCG”	Management Consulting Group PLC;
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
“CREST Manual”	the CREST manual issued by Euroclear in July 2004, as amended from time to time;
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“Deferred Shares”	the 331,390,961 deferred shares of 24 pence each in the capital of the Company;
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
“Disposal”	the proposed sale of the Target Business following the passing of the Disposal Resolution;
“Disposal Agreement”	the conditional share purchase agreement dated 21 September 2016 between, amongst others, the Company, the Selling Entity and the Purchaser described in more detail in Part III (<i>Principal Terms of the Disposal</i>) of this Circular;
“Disposal Resolution”	the proposed ordinary resolution No.1 as set out in Part IX (<i>Notice of General Meeting</i>) of this Circular, to approve the Disposal;
“Euroclear”	Euroclear UK & Ireland Limited;
“Financial Conduct Authority”	the Financial Conduct Authority established under the FS Act and acting in its capacity as the competent authority for the purposes of Part 6 of FSMA;
“Form of Proxy”	the form of proxy for the General Meeting which accompanies this Circular;
“French Operations Disposal”	the disposal of the French operations of the Group pursuant to the French Operations Disposal Agreement;
“French Operations Disposal Agreement”	the agreement dated 25 November 2015 between (1) Management Consulting Group plc as seller, (2) MCG Holdings Netherlands B.V. as the selling party, and (3) Wavestone (formerly known as Solucom) as purchaser in relation to the disposal of the French operations of the Group;

“FS Act”	the Financial Services Act 2012;
“FSMA”	the Financial Services and Markets Act 2000;
“General Meeting”	the general meeting of the Company to be convened and held on 21 October 2016 (including any adjournment thereof), notice of which is set out at the end of this Circular;
“Group”	means MCG and its Subsidiaries and Subsidiary Undertakings from time to time;
“High Court”	the High Court of England and Wales;
“IFRS”	International Financial Reporting Standards, as adopted by the European Union;
“Listing Rules”	the Listing Rules of the Financial Conduct Authority;
“Ordinary Shares” or “Shares”	the Ordinary Shares of one pence each in the capital of the Company and “Ordinary Share” or “Share” means one of them;
“Proposals”	the proposed Disposal, the Reduction of Capital, the Return of Capital, the Transaction Incentive Bonuses and Restricted Share Plan Resolution;
“Purchaser” or “Accenture”	Accenture;
“Purchase Price”	approximately US\$165 million (being £127 million);
“Reduction of Capital”	the proposed cancellation of all the Deferred Shares and the reduction of part of the amount standing to the credit of the Company’s Share Premium Account;
“Reduction of Capital Resolution”	the proposed resolution No.2 as set out in Part IX (<i>Notice of General Meeting</i>) of this Circular, to approve the Reduction of Capital and the Return of Capital;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Remuneration Committee”	the remuneration committee of the Company;
“Remuneration Policy”	the policy in respect of remuneration of directors as previously approved by Shareholders;
“Resolutions”	the proposed resolutions set out in the Notice of General Meeting contained in Part IX (<i>Notice of General Meeting</i>) of this Circular;
“Restricted Share Plans”	the Company’s Restricted Share Plan and Restricted Share Plan 2, including their schedules;
“Restricted Share Plans Resolution”	the proposed resolution No. 4 as set out in Part IX (<i>Notice of General Meeting</i>) of this Circular, to approve amendments to the Restricted Share Plans;
“Retained Group”	MCG and its subsidiaries and Subsidiary Undertakings following the Disposal, which shall not include the Target Business;
“Return of Capital”	the proposed return of capital to Shareholders, details of which are set out in this Circular;

“Rothschild”	N M Rothschild & Sons Limited of New Court, St. Swithin’s Lane, London EC4N 8AL with company number 925279;
“Selling Entities”	Management Consulting Group plc, Management Consulting Group Overseas Limited, and MCG Overseas Holdings BV;
“Share Premium Account”	the non-distributable capital reserve with that name in the balance sheet in the accounts of the Company;
“Shareholder”	a holder of Ordinary Shares in MCG;
“Wavestone”	Wavestone SA;
“Subsidiary”	has the meaning given in section 1159 of the 2006 Act;
“Subsidiary Undertaking”	has the meaning given in section 1162 of the 2006 Act;
“Target Business”	the Kurt Salmon retail and consumer good consulting businesses in the United States, Canada, the United Kingdom, Germany, China, Hong Kong and Japan;
“Target Business Awards”	awards under the Restricted Share Plans held by employees of the Target Business;
“Target Companies”	Kurt Salmon UKI Limited, Vertical Retail Consulting Hong Kong Limited, Vertical Retail Consulting Limited, and MCG US Holdings Inc.;
“Transaction Incentive Bonus Resolution”	the proposed resolution No.3 as set out in Part IX (<i>Notice of General Meeting</i>) of this Circular, to approve the proposed Transaction Incentive Bonuses to the Chief Executive and the Finance Director;
“Transaction Incentive Bonuses”	the award of a bonus of £550,000 to Nicholas Stagg (the Chief Executive) and the award of a bonus of £200,000 to Christopher Povey (the Finance Director);
“Transparency Rules”	the Transparency Rules of the Financial Conduct Authority;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland; and
“Warrantors”	each of the Company and the Selling Entity.

PART VIII TAXATION

The following comments are intended as a general guide only and are based on current UK tax legislation and HM Revenue & Customs (“HMRC”) published practice as at the date of this document, both of which are subject to change, possibly with retrospective effect. These comments deal only with Shareholders who are resident, and in the case of an individual, domiciled, in (and only in) the United Kingdom for UK tax purposes, who are the absolute beneficial owners of fully paid Shares and who hold them as an investment. They do not deal with the position of certain classes of Shareholders (such as dealers in securities, insurance companies and collective investment schemes), persons holding unpaid Shares or persons regarded as having obtained their Shares by reason of employment.

Any Shareholders who are in any doubt as to their tax position regarding the Return of Capital and/or Reduction of Capital, and/or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own professional advisers.

Reduction of Capital—Cancellation of the Share Premium Account

The Return of Capital by way of a Reduction of Capital cancelling part of the Company’s Share Premium Account should qualify as a repayment of capital on Shares under section 1000(1)(B)(a) of the Corporation Tax Act 2010 (“CTA 2010”) and therefore should not result in any part of the proceeds received by a Shareholder on the Return of Capital being treated as an income distribution in the Shareholder’s hands. The Return of Capital on cancellation of part of the Company’s Share Premium Account should be treated as a part disposal of the Shares for the purposes of the taxation of chargeable gains. As such, the Return of Capital on cancellation may give rise to a liability to capital gains tax or UK corporation tax depending on the Shareholder’s individual circumstances (including the availability of exemptions, reliefs or allowable losses).

Part 15 CTA 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007 (“Chapter 1 ITA 2007”) are anti-avoidance provisions which might be applied to the Return of Capital so as to treat all or part of the receipt as income in the hands of Shareholders within the charge to UK corporation tax and within the charge to income tax respectively. The Company has been advised that Shareholders should not be subject to a counteracting tax assessment in relation to the Return of Capital under these provisions. The Company has not considered it necessary that a clearance need be sought from HMRC to confirm this.

Reduction of Capital—Deferred Shares

The Reduction of Capital by way of the cancellation of all of the Company’s Deferred Shares to eliminate the deficit on the Company’s profit and loss account and to create distributable reserves to facilitate the future consideration of the payment of dividend or other distributions or the buy-back of shares should not, in itself, have any UK tax consequences for Shareholders. In particular, it should not result in a disposal by any Shareholder of any of their Shares. The tax treatment of any future payments out of that reserve will depend on the nature of the payment and whether the recipient is an individual or corporate Shareholder.

Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable by Shareholders as a result of the Return of Capital.

**PART IX
NOTICE OF GENERAL MEETING**

Management Consulting Group PLC

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 1000608)

NOTICE IS HEREBY GIVEN that a general meeting of Management Consulting Group PLC (the “**Company**”) will be held at the offices of Baker & McKenzie LLP, being 100 New Bridge Street, London EC4V 6JA on 21 October 2016 at 11.00 am for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions save for resolution 2 which shall be proposed as a special resolution:

RESOLUTION 1:

THAT the proposed disposal (the “**Disposal**”) of the Target Business described in the Circular to the Shareholders of the Company dated 4 October 2016 (the “**Circular**”) be and is hereby approved and the Directors of the Company are hereby authorised to do such things as they may in their absolute discretion consider necessary or desirable in order to implement and complete the Disposal in accordance with the terms set out in the Disposal Agreement (as defined in the Circular), subject to such immaterial amendments thereto as the Directors of the Company (or any duly authorised committee thereof) may in their absolute discretion see fit.

RESOLUTION 2:

THAT, subject to and condition upon Resolution 1 set out in this notice of General Meeting being passed and the Disposal having completed:

- 2.1 the Share Premium Account of the Company be reduced by £75 million (or such lower amount as determined by Board (or a duly appointed committee thereof)) and the amount by which the Share Premium Account is so reduced be repaid to holders of Shares, as shown in the register of members of the Company at a record date and time to be determined by the Board (or a duly appointed committee thereof) pro rata to their holding of Shares; and
- 2.2 the Deferred Shares of the Company be cancelled and extinguished and the amount by which the share capital of the Company is so reduced be credited to a reserve.

RESOLUTION 3:

THAT subject to and conditional on Resolution 1 set out in this notice of General Meeting being passed, the grant of a bonus to each of Nicholas Stagg (the Chief Executive) and Christopher Povey (the Finance Director) as described in the Circular, be and is hereby approved (including for the purposes of section 226B(1)(b) of the Companies Act 2006) and the Directors of the Company (or duly authorised committee of the Directors) are hereby authorised to do all acts and things as they consider necessary or desirable to grant such bonuses and make payments pursuant to the bonuses.

RESOLUTION 4

THAT, subject to and conditional on Resolution 1 set out in this notice of General Meeting being passed, the amendments to the rules of the Company’s Restricted Share Plan and Restricted Share Plan 2, including their schedules, (together, the “**Restricted Share Plans**”) to allow for awards granted under the Restricted Share Plans to be satisfied by the transfer of up to 2,427,620 Ordinary Shares held in treasury, described in the Circular and produced in draft to the General Meeting, be and are hereby approved and the Directors of the Company (or duly authorised committee of the Directors) are hereby authorised to adopt the amendments to the rules of Restricted Share Plans and to do all acts and things as they consider necessary or desirable to implement the amendments.

BY ORDER OF THE BOARD



Charles Ansley
Company Secretary

Registered Office: 10 Fleet Place, London, EC4M 7RB
Dated 4 October 2016

Note: A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting convened by this notice. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not also be a member of the Company.

Notes

1. As at 6:00 pm on 3 October 2016 (being the last Business Day prior to the publication of this Notice), the Company's issued share capital consisted of 508,512,799 ordinary shares with each share carrying the right to one vote, of which 2,427,620 are held as treasury shares. The total number of voting rights in the Company, as at 3 October 2016, was therefore 506,085,179.
2. Only Ordinary shareholders ("**members**") are entitled to attend and vote at the General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the General Meeting convened by this Notice. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not also be a member of the Company.
3. To be valid, Forms of Proxy, if used, must be lodged at the offices of Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF or at the electronic address detailed below, in each case not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the proxy form, whether electronically or in hard copy, will not preclude a shareholder from attending and voting at the General Meeting in person if he/she so wishes. Members may submit their proxy vote electronically via www.capitashareportal.com. From there the member can log into their Capita share portal account, or register for the Capita share portal if they have not already done so, by following the on screen instructions. Completion and return of a form of proxy whether in hard copy or electronically will not prevent a member from attending and voting at the General Meeting in person if he/she so wishes.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST Sponsored Members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider to procure that his CREST Sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at the close of business on 19 October 2016, or registered in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time, and any changes to entries in the relevant register made after the close of business on 19 October 2016, or less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.

6. Persons nominated to receive information rights under Section 146 of the Companies Act 2006 who have been sent a copy of this Notice of Meeting are hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the member by whom they were nominated in respect of these arrangements.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that they do not do so in relation to the same shares.
8. In the case of joint shareholders, the signature of any of them will suffice, but the names of all joint holders should be shown, and the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
9. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.mcgplc.com/investors.
10. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

