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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.

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N M Rothschild & Sons Limited (“**Rothschild**”), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation 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 certain operations of Kurt Salmon and 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 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 (“**MCG**” or the “**Company**”) to be held at 10.00am on 17 December 2015 is set out in Part VIII (*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 MCG’s registrar Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 10.00am on 15 December 2015. 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 10.00am on 15 December 2015.

Your attention is drawn to Part II (*Risk Factors*) of this Circular which sets out and describes certain risks that MCG 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 MCG Shareholders is set out on page 10 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 MCG 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 MCG 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. MCG 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 Euro amounts into Pounds Sterling, and Pounds Sterling amounts into Euros, applying an exchange rate of 1.42 Euros to £1.00, being the closing Euro per Pound Sterling exchange rate as published by The Financial Times at close of business on 27 November 2015.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	26 November 2015
Latest time and date for receipt of Forms of Proxy from MCG Shareholders	10.00am on 15 December 2015
General Meeting	10.00am on 17 December 2015
Expected date of Completion	7 January 2016

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 to the Financial Conduct Authority, and, where appropriate, MCG Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange plc.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICES AND ADVISERS

Directors	Alan Barber, Non-Executive Chairman Nicholas Stagg, Chief Executive Christopher Povey, Finance Director Chiheb Mahjoub, Executive Director Marco Capello, Non-Executive Director Stephen Ferriss, Non-Executive Director Emilio di Spiezio Sardo, Non-Executive Director Andrew Simon, Non-Executive Director Julian Waldron, Non-Executive Director
Secretary	Charles Ansley
Registered Office	10 Fleet Place London EC4M 7RB
Sponsor and Financial Adviser	Rothschild 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 2 New Street Square London EC4A 3BZ
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I
LETTER FROM THE CHAIRMAN OF MANAGEMENT CONSULTING GROUP PLC


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)
C. Mahjoub (Executive Director)
M. Capello*
S.A. Ferriss*
E. Di Spiezio Sardo*
A.H. Simon, OBE*
J.D. Waldron*

Registered office:

10 Fleet Place, London, EC4M 7RB

* Non-Executive Director

30 November 2015

To: Management Consulting Group PLC Shareholders

Dear Shareholder

**PROPOSED DISPOSAL OF CERTAIN OPERATIONS OF KURT SALMON
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

On 26 November 2015, the Board announced that MCG had entered into an agreement (the “**Disposal Agreement**”) for the sale of certain operations of Kurt Salmon (the “**Target Business**”), comprising the Kurt Salmon businesses in France, Belgium, Luxembourg, Switzerland and Morocco, together with certain related operations in the United States, to Solucom (the “**Purchaser**”), for a total gross cash consideration of approximately €84.0 million (equivalent to approximately £59.2 million) payable on completion of the sale (the “**Disposal**”). The Disposal will involve the sale and purchase of the entire issued share capital of Management Consulting Group France SAS (the “**Target Company**”). The principal terms of the agreement are described in more detail in Part III (*Principal Terms of the Disposal*) below. On completion of the Disposal (“**Completion**”), MCG will also enter into a licence agreement with Solucom allowing Solucom use of the Kurt Salmon name for a period of three years in the territories in which the Target Business currently operates (the “**Licence Agreement**”).

The Disposal, if completed, is of sufficient size relative to the Group to constitute a Class 1 transaction for MCG 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:

- (i) there having been no material adverse change in the staff retention rates and current year forecast operating results of the Target Business since the date of signing of the Disposal Agreement to the later of the passing of the Disposal Resolution by Shareholders at the General Meeting and 6 January 2016; and
- (ii) the French Anti-trust Authority (*Autorité de la Concurrence*) approving the Disposal.

MCG is expected to receive net cash proceeds of approximately €81.9 million (equivalent to approximately £57.7 million) after the deduction of estimated transaction costs of €2.1 million (equivalent to £1.5 million). MCG will use the net proceeds to repay the Group’s net bank indebtedness under the Company’s Revolving Facility, which is expected to be approximately £50 million (equivalent to approximately €71.0 million) at

Completion, and will retain the remaining net proceeds for general corporate purposes. The Group has arranged a new working capital facility of £15 million (the “**Working Capital Facility**”), which will replace the existing £85.0 million revolving facility, as amended, (the “**Amended Revolving Facility**”) on Completion and, together with the balance of the net cash proceeds of the Disposal, will be available to fund the Group’s ongoing working capital requirements.

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 of the Disposal was to take place on 31 December 2015, 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 9 million Ordinary Shares. Under the current terms of the Company’s Restricted Share Plans, the Target Business Awards can only be satisfied by: (i) Ordinary Shares purchased in the market by an employee benefit trust funded by MCG and/ or (ii) by a cash equivalent sum. As both (i) and (ii) would necessarily involve an uncertain cash outflow from MCG, MCG is seeking approval from Shareholders for the Restricted Share Plans to be amended so that up to 9 million new Ordinary Shares can be issued to satisfy awards under the Restricted Share Plans (the “**RSP Target Business Resolution**”).

As a separate resolution, 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 will be payable 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 10.00am on 17 December 2015 for the purpose of seeking the Shareholder approvals described above. A notice convening the General Meeting, at which the Disposal Resolution, the RSP Target Business Resolution and the Transaction Incentive Bonus Resolution (together, the “**Resolutions**”) will be proposed, is set out at the end of this Circular. The purpose of this Circular is to provide details of the proposed Disposal, the proposed amendments to the Restricted Share Plans and the proposed Transaction Incentive Bonuses (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.

Irrevocable undertakings to vote in favour of each of the Resolutions at the General Meeting have been received by Solucom 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 51% of the Company’s issued Ordinary Share capital, excluding shares held in treasury, as at 27 November 2015 (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

MCG provides professional services across a wide range of industries and sectors. It comprises two independently managed practices: Alexander Proudfoot and Kurt Salmon. Alexander Proudfoot develops and implements operational improvements for its clients to increase productivity and reduce costs. Kurt Salmon provides consultancy services to a wide range of industries in both the private and public sectors. Alexander Proudfoot is not affected by the Disposal.

The Target Business comprises the Kurt Salmon businesses in France, Belgium, Luxembourg, Switzerland and Morocco, together with certain related operations in the United States. The Target Business generated profit before tax of £2.14 million (Group: £4.93 million) and revenues of £96.9 million (Group: £242.8 million), in each case for the year ended 31 December 2014 and in relation to the Target Business as set out in Part IV (“*Financial Information Relating to the Target Business*”) of this Circular. The Target Business had total assets of £25.88 million (Group: £334.83 million) as at 30 June 2015 (all of these preceding figures are unaudited, save for the Group figures which are audited).

In France, which represented approximately 74% of the revenues of the Target Business in the first half of 2015, Kurt Salmon provides management consulting services to a wide range of industry sectors, principally serving large French corporates and public sector clients. The largest industry practices of Kurt Salmon in France in terms of revenues are those in the financial sector and in industrials and utilities.

The revenues of the Kurt Salmon business in France contracted during the 2012-14 period and this weaker trading performance adversely impacted the results of MCG as a whole. In the first half of 2015, we saw signs of improving business confidence in the French market, with some underlying revenue growth (5% on a constant currency basis) and an improved operating profit margin.

The Kurt Salmon operations in the other European and North African geographies (in Belgium, Luxembourg, Switzerland and Morocco) are related to the Kurt Salmon business in France in terms of industry sector coverage and clients, and also share some consulting staff resources and back office functions. In aggregate, these other European and North African operations represented approximately 14% of the total revenues of the Target Business in the first half of 2015.

The remainder of the Target Business comprises two New York-based practices of Kurt Salmon, one of which is industry focused and provides management consulting services to financial sector clients, and the other, CIO Advisory, which provides IT-related management consulting services principally to Chief Information Officers, but also focusing largely on financial sector clients. These US practices are also related to Kurt Salmon's French business, in particular in terms of their client base.

The Target Business therefore comprises the French operations of Kurt Salmon and those operations in other geographies which are related to the French operations. Under the terms of the Licence Agreement, the Purchaser will have the right to use the Kurt Salmon name for a transition period of up to three years in the territories in which the Target Business currently operates.

The Kurt Salmon business which will be retained by MCG following the Disposal comprises the international consulting practice focusing on clients in the retail and consumer goods sectors, and currently principally operating in the United States, Canada, the United Kingdom, Germany, Japan and China, and a healthcare consulting practice operating principally in the United States. Kurt Salmon is an established international brand and a leading management consulting firm addressing clients in the retail and consumer goods sector. The Kurt Salmon business which will be retained by MCG represented 48% of the revenues of Kurt Salmon as a whole in the first half of 2015.

The Board has concluded that the terms of the Disposal provide an opportunity to exit from the Kurt Salmon business in France and its related operations, which together form the Target Business, at an attractive price for Shareholders. The Target Business of Kurt Salmon is one of the leading consulting firms in France, but as part of the MCG group its potential for investment and growth is limited, both in the French market itself and through the further expansion of its broad-based industry sector offerings internationally.

The Disposal provides an opportunity for the Group to significantly reduce both its leverage and its significant exposure relative to the Group to the consulting market in France, as well as allowing the Group to concentrate on the retained businesses of Kurt Salmon, which will be focused primarily on clients in the global retail and consumer goods sector, and Alexander Proudfoot. Following the Disposal, the operations of the MCG group will comprise the retained Kurt Salmon business and Alexander Proudfoot.

3. KEY BENEFITS OF THE DISPOSAL

- *Achieves an attractive value for Shareholders*

The agreed gross cash proceeds of approximately €84.0 million (equivalent to approximately £59.2 million) (which is subject to post-closing adjustments relating to amounts of debt, debt-like items, appropriate level of the existing provisions, cash and working capital in the Target Business at Completion) represents approximately 82% of the Group's market capitalisation as at 27 November 2015. By comparison, the revenue and profit before tax of the Target Business for the year ended 31 December 2014 set out in Part IV ("*Financial Information Relating to the Target Business*") of this Circular represented approximately 40% of the Group's revenue and 43% of the Group's profit before tax for that year.

The sale price is based on an agreed enterprise value (i.e. including debt-like items and before other adjustments) of €98.5 million (equivalent to £69.4 million). This implies enterprise value to revenue, and enterprise value to underlying profit from operations multiples for the Target Business of 0.72x and 16.7x, respectively, based on the financial information for the year ended December 2014 set out

in Part IV (“*Financial Information Relating to the Target Business*”) of this Circular. These multiples compare very favourably to the equivalent implied 2014 multiples for the Group of 0.44x and 9.0x.¹

- ***Allows the Group to reduce indebtedness***

MCG will use the net proceeds to repay the Group’s net bank indebtedness under the Revolving Facility, which is expected to be approximately £50 million at Completion and will retain the remaining net proceeds for general corporate purposes. The Group has arranged a new Working Capital Facility of £15 million, which will replace the existing Revolving Facility on Completion and, together with the balance of the net cash proceeds of the Disposal, be available to fund the Group’s ongoing working capital requirements.

- ***Rebalances the Group’s portfolio of businesses in geographic terms***

The Disposal will reduce the proportion of the Group’s business which is derived from France and continental Europe, and so increases the relative proportion of the Group’s revenues from other markets, in particular North America. This is consistent with the Board’s strategy to focus on higher growth opportunities in North America and Asia.

- ***The Kurt Salmon business retained by the Group will focus on two industry verticals***

The Kurt Salmon business retained by the Group will focus largely on serving global clients in the retail and consumer goods sector. Kurt Salmon is recognised as a leading management consulting firm in that sector. The retained Kurt Salmon business will also continue to operate a healthcare practice in the US.

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 Company.

The gross cash proceeds payable by the Purchaser to the Company and MCG Holdings Netherlands BV (the “**Selling Entity**”) for the shares in the Target Company shall be approximately €84.0 million (equivalent to approximately £59.2 million) (subject to post-closing adjustments relating to the debt, debt-like items, appropriate level of existing provisions, cash and working capital position of the Target Business at Completion).

The Company is expected to receive net cash proceeds at Completion of approximately €81.9 million (equivalent to approximately £57.7 million) in respect of the Disposal. The net cash proceeds stated above are after the deduction of estimated transaction costs of €2.1 million (equivalent to £1.5 million).

The Disposal is expected to complete in January 2016. The Disposal is conditional upon:

- (i) the approval by Shareholders of the Disposal Resolution at the General Meeting;
- (ii) there having been no material adverse change in the staff retention rates and current year forecast operating results of the Target Business since the date of signing of the Disposal Agreement up to the later of the passing of the Disposal Resolution by Shareholders at the General Meeting and 6 January 2016; and
- (iii) the French Anti-trust Authority (*Autorité de la Concurrence*) approving the Disposal.

In the event that the conditions referred to above have not been satisfied by 29 February 2016, the Disposal Agreement will terminate. In addition, the Purchaser’s obligation to complete is subject to the provision by its financing banks of funding in accordance with the terms of binding commitment letters entered into between the Purchaser and the relevant banks at the same time as the Disposal Agreement or otherwise on similar terms and the Purchaser has agreed to use its best endeavours to procure that such financing is available to enable completion to occur.

¹ These figures are based on a Share price of £0.145 per share as of 27 November 2015 (being the latest practicable date before the publication of this Circular) and the audited financial information for the Group for the year ended 31 December 2014. The Group’s market capitalisation is calculated as £72.6 million, being 500,427,971 shares in issue at £0.145 per share. The implied 2014 enterprise value of the Group is calculated as £106.2 million, being the market capitalisation of £72.6 million plus £33.6 million of net bank indebtedness reported at 31 December 2014.

The Company has agreed to grant the Purchaser a licence to use the Kurt Salmon name for a period of three years from 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 Solucom name, in the United States (the “**Territory**”) subject to certain customary terms and conditions.

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

MCG will use the net cash proceeds of the Disposal to repay the Group’s net bank indebtedness, which is expected to be approximately £50 million (equivalent to approximately €71.0 million) at Completion, and will retain the remaining net cash proceeds for general corporate purposes.

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

Shareholders should note that the Disposal will generate a one-off IFRS loss on sale of approximately £50 million, principally as a result of the write off of goodwill held in the consolidated balance sheet of the Group which is allocated to the Target Business. The Group profit and loss account reflecting the Disposal will also include non-recurring expenses relating to the Disposal. Had the Disposal taken place on 30 June 2015, the pro forma net assets of the Retained Group would have been £153.5 million compared with the reported Group net assets of £186.9 million (as set out in Part V (“*Unaudited Pro Forma Financial Information Relating to the Retained Group*”) of this Circular).

The Board believes that the Disposal will not be accretive to earnings per share, principally as a result of the use of the proceeds to pay down the Group’s net indebtedness and therefore to eliminate gearing in its balance sheet at Completion.

6. THE RSP TARGET BUSINESS RESOLUTION

If the Disposal is completed, it will result in the vesting, on Completion, of the unvested Target Business Awards.

It is estimated that, if completion of the Disposal was to take place on 31 December 2015, the number of Ordinary Shares that would be needed to satisfy outstanding Target Business Awards that have either already vested or will vest on Completion would be approximately 9 million Ordinary Shares.

No director of MCG has awards under the Restricted Share Plans. Under the terms of the Restricted Share Plans, awards may only be made to employees of the Group. Vesting of unvested Target Business Awards will be accelerated on completion of the Disposal.

Under the current terms of the Company’s Restricted Share Plans, the Target Business Awards can only be satisfied by: (i) Ordinary Shares purchased in the market by an employee benefit trust funded by MCG; and/or (ii) by a cash equivalent sum. As both (i) and (ii) would necessarily involve an uncertain cash outflow from MCG, MCG is seeking approval from Shareholders for the Restricted Share Plans to be amended so that up to 9 million new Ordinary Shares, representing 1.80% of the Company’s issued Ordinary Share capital as at 27 November 2015 (the latest practicable date prior to the publication of this Circular), can be issued to satisfy awards under the Restricted Share Plans.

No new Ordinary Shares have been issued to employees pursuant to the Company’s employee share schemes in the past 12 months. The number of new Ordinary Shares that have been issued to employees pursuant to the Company’s employees’ share schemes in the past 10 years total 3,910,607 Ordinary Shares, representing 0.78% of the Company’s issued Ordinary Share capital as at 27 November 2015 (the latest practicable date prior to the publication of this Circular).

Even after taking into account the satisfaction of the Target Business Awards by the issue of new Ordinary Shares, the total number of Ordinary Shares that will have been issued to employees pursuant to the

Company's employees' share schemes in the past 10 years, added to the total number which are capable of being issued, pursuant to existing outstanding awards, will represent 3.37% of the Company's issued Ordinary Share capital as at 27 November 2015 (the latest practicable date prior to the publication of this Circular).

7. 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) of £200,000 and Christopher Povey (the Finance Director) of £130,000 (together, the "**Transaction Incentive Bonuses**"). The Chief Executive's Transaction Incentive Bonus Falls within the requirements of Listing Rule 11.1.10R and the requirements of Listing Rule 11.1.10R have been complied with in respect of this payment.

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 been awarded awards under the PSP in 2014 and 2015.

The negotiation of the proposed Disposal 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 this letter.

Accordingly, the Remuneration Committee would like to offer the Transaction Incentive Bonuses, which will be payable 30 days after Completion, to the Chief Executive and the Finance Director. Payment of the Transaction Incentive Bonus to the relevant director is 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, before the time of payment.

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.

No other changes will be made to the existing remuneration arrangements of the Chief Executive and the Finance Director in 2015. The Remuneration Committee is currently reviewing whether the Remuneration Policy needs to be changed to reflect the altered circumstances of the Group. 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.

8. SUMMARY FINANCIAL INFORMATION ON THE TARGET BUSINESS

The summary financial information with respect to the Target Business for the six months ended 30 June 2015 and for the three years ended 31 December 2014 and as at 30 June 2015 and 31 December 2014 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 2014 and the unaudited financial statements for the six months ended 30 June 2015. 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*).

Income Statement Data

	<u>For the six months ended 30 June</u>	<u>For the year ended 31 December</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(£'000)</u>			<u>(£'000)</u>
Gross profit	14,063	26,270	27,253	30,852
Profit from operations—underlying	3,717	4,156	4,644	9,102
Profit before tax	3,049	2,140	1,650	3,970
Profit for the period	<u>2,213</u>	<u>1,098</u>	<u>684</u>	<u>2,535</u>

Balance Sheet Data

	<u>As at 30 June 2015</u>	<u>As at 31 December 2014</u>
	<u>(£'000)</u>	<u>(£'000)</u>
Total non-current assets	497	502
Total current assets	25,384	21,679
Total assets	25,881	22,181
Total current liabilities	(23,382)	(27,190)
Total non-current liabilities	(39,663)	(39,147)
Total liabilities	(63,045)	(66,337)
Net liabilities	(37,164)	(44,156)

9. INFORMATION ON SOLUCOM

Solucom is a leading French-based consulting business with principal operations in France and other operations in the United Kingdom, Morocco, Belgium and Switzerland. Solucom reported revenues of €163.1 million and an operating profit of €20.4 million for the year ended 31 March 2015. At 31 March 2015 Solucom had 1,514 employees, of whom 1,489 were employed in France.

Solucom trades as “Solucom” on the Euronext Eurolist. Solucom’s website address is: <http://www.solucom.net/>. On 27 November 2015, Solucom had a market capitalisation of €309.2 million.

10. BOARD, MANAGEMENT AND EMPLOYEES

As was announced on 26 November 2015, Chiheb Mahjoub, the current Chief Executive of Kurt Salmon, will stand down from the MCG Board and from his executive management role in Kurt Salmon after the General Meeting but before Completion.

11. DIVIDEND POLICY

Shareholders should note that the Disposal will generate a one-off IFRS loss on sale of approximately £50 million, principally as a result of the write-off of goodwill held in the consolidated balance sheet of the Group which is allocated to the Target Business. The accounting impact of this IFRS loss will have a significant negative impact on the Company’s distributable reserves and, consequently, if the Disposal proceeds, the Company will not be in a position to pay the interim dividend of 0.23 pence per share, which was announced on 31 July 2015 and was due to be paid on 6 January 2016. The Company will review the position after completion of the Disposal and it is likely that the Board will, as soon as reasonably practicable, seek to implement a reconstruction of reserves to enable dividend payments to be resumed. The Board will consider the Company’s future dividend policy once this process is complete.

12. EXCHANGE RATE

The Consideration will be received by the Company in Euros. A majority of the Group’s bank indebtedness which will be paid down using the net proceeds of the Disposal is held in Euros, and consequently there is some natural hedging. The balance of the Group’s bank indebtedness is held in US Dollars.

Solely for the convenience of the reader, this Circular contains translations of certain Euro amounts into Pounds Sterling, and Pounds Sterling amounts into Euros, applying (except where otherwise indicated) an exchange rate of 1.42 Euros to £1.00, being the closing Euro per Pound Sterling exchange rate as published by The Financial Times at close of business on 27 November 2015.

13. CURRENT TRADING AND FUTURE PROSPECTS

The Group issued a trading update on 23 November 2015.

Retained Group

The trading update contained the following statements about current trading and future prospects for the Retained Group:

“The Board issued a trading update with its Interim Results statement on 31 July 2015, noting that Alexander Proudfoot was likely to deliver weaker third quarter revenues and that the outcome for the year as a whole for that business remained uncertain and would depend on the rate of order input in the coming months. Alexander Proudfoot’s performance in the third quarter, as expected, was disappointing, including in the North American operations which had performed well in the first half. The order intake in the last four months has been weak and the Board does not now expect a significant improvement in performance over the rest of 2015. It is clear that reduced demand from natural resources’ clients has contributed to this weakness, with revenues from this sector so far this year being approximately 40% lower than the same time last year. Action is being taken to accelerate change in the underperforming operations, in Europe and Africa in particular, which will involve some restructuring initiatives. However, the outlook for Alexander Proudfoot for 2015 as a whole has deteriorated from the position set out in the Interim Results statement and the Board currently expects that Alexander Proudfoot will deliver second half revenues in 2015 which are significantly lower than those in the first half of the year, and an operating loss for the year as a whole.

In the Interim Statement the Group reported net indebtedness of £41.7 million at 30 June 2015. As a result of result of weakness in Alexander Proudfoot the level of net indebtedness is currently higher than the half year position.

As noted in the Interim Statement, Kurt Salmon’s North American business, focused on the US retail and consumer goods practice, reported slightly lower year on year revenues and operating profit margins in the first half, and this continued into the third quarter. Nevertheless we continue to see healthy demand from US retail sector clients and the Board expects that the broadly positive underlying trends in the Kurt Salmon business will continue to apply over the remainder of the financial year and into 2016. In the other geographies which form part of the Kurt Salmon business that will be retained by MCG, the retail and consumer goods and healthcare practices have performed in line with expectations.”

Target Business

The trading update also contained the following statements about the Target Business:

“In relation to the Target Business, Kurt Salmon delivered an improved performance in its French business in the first half of 2015 and this positive trend has continued. The signs of improved confidence in the French market that were evident in the first half have continued to drive demand for Kurt Salmon’s consulting services and we expect this positive momentum to continue during the remainder of 2015 and into 2016. In the other geographies which form the rest of the Target Business, performance has been in line with our expectations.”

14. 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.

15. 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 17 December 2015 at 10.00am is set out at the end 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 RSP Target Business Resolution and the Transaction Incentive Bonus Resolution. The Disposal is not conditional on receipt of Shareholder approval for the RSP Target Business Disposal Resolution and the Transaction Incentive Bonus Resolution.

16. 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 registrar, Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to arrive by 10.00am on 15 December 2015. 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.

17. 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.

18. DIRECTORS' RECOMMENDATION

The Board considers the Proposals and the Resolutions to be in the best interests of MCG and the Shareholders as a whole. Accordingly, the Board unanimously recommends that you 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 and have taken no part in the Board's consideration of this matter), being in aggregate 7,723,617 Ordinary Shares, representing approximately 1.6% of MCG's issued Ordinary Share capital, excluding shares held in treasury, in each case at 27 November 2015 (the latest practicable date prior to the publication of this Circular).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Barber', is written over a light blue horizontal line.

Alan Barber
Chairman

PART II RISK FACTORS

This Part II addresses the risks known to MCG 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 the Company has 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 Group's cash flow and financial condition.

The aggregate liability of the Company for breaches of warranties and indemnities contained in the Disposal Agreement (other than those relating to the ownership of the Target Business and the corporate existence, corporate structure, authority and capacity of the Group, the Company and the Selling Entity, where liability is capped at the level of the gross cash proceeds received by the Company) shall not exceed €15.0 million representing approximately 18% of the gross cash proceeds received by the Company and the Selling Entity under the Disposal Agreement. 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 entity providing the indemnity suffers financial distress, any payments due to the Company and the Selling Entity in respect of such warranties, undertakings or indemnities may be put at risk, and this could have an adverse effect on the Group's cash flow and financial condition.

Conditions to Completion

Completion under the Disposal Agreement is conditional upon:

- (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 and current year forecast operating results of the Target Business since the date of signing of the Disposal Agreement up to the later of the date of the passing of the Disposal Resolution by Shareholders at the General Meeting and 6 January 2016; and
- (iii) the French Anti-trust Authority (*Autorité de la Concurrence*) approving the Disposal.

There can be no assurance that all conditions will be satisfied and that Completion will take place. In addition, the Purchaser's obligation to complete is subject to the provision by its financing banks of funding in accordance with the terms of binding commitment letters entered into between the Purchaser and the relevant banks at the same time as the Disposal Agreement or otherwise on similar terms and the Purchaser

has agreed to use its best endeavours to procure that such financing is available to enable completion to occur. If the Disposal does not complete, 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 and have reduced global reach and scale

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 and these markets may have an adverse effect on the cash flow, operating results and financial position of the Retained Group. Moreover, weak performance in the remaining business, 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 also a potential risk that customers view the Disposal unfavourably and have a negative perception of the Retained Group's business due to reduced global reach and other disadvantages associated with a material reduction in size and reduced diversification. This could lead to certain customers reducing the services they procure from the Group, ceasing to procure services from the Group altogether, and/or seeking 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.

Transitional Services Agreements

On Completion, Kurt Salmon US Inc. will enter into a transitional services agreement with Solucom pursuant to which it will agree to provide certain IT services to the Target Business for a period of up to three years following Completion and Kurt Salmon US Inc. will enter into a separate transitional services agreement with the newly incorporated owner of the US business being acquired as part of the Target Business ("**US Newco**") pursuant to which Kurt Salmon US Inc. will agree to provide back-office services to the Target Business for a period of up to one year while the process of separating the US part of the business from the Retained Group is taking place (together, the "**Transitional Services Agreements**"). The Retained Group will need to retain and commit resources in order to provide such services. There can be no assurance that Solucom and/or US Newco will not breach and/or terminate these Transitional Services Agreements without cause during their 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.

Licence Agreement

On Completion, MCG will enter into the Licence Agreement with Solucom pursuant to which MCG will agree that Solucom can use the Kurt Salmon name for a period of three years in the territories in which the Target Business currently operates. There can be no assurance that Solucom will not breach the terms of this Agreement, or that Solucom's use of the Kurt Salmon name will not cause customer confusion, and/or dilution of the brand, which may have a material adverse affect on Kurt Salmon and, in turn, an adverse affect on the Retained Group.

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 3 above of Part I (*Letter from Chairman*) of this Circular. 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 Disposal will generate a one-off IFRS loss on sale of approximately £50 million, principally as a result of the write-off of goodwill held in the consolidated balance sheet of the Group which is allocated to the Target Business. The accounting impact of this IFRS loss will have a significant negative impact on the Company's distributable reserves and, consequently, if the Disposal proceeds, the Company will not be in a position to pay the interim dividend of 0.23 pence per share, which was announced on 31 July 2015 and was

due to be paid on 6 January 2016. Although the Company will review the position after completion of the Disposal and it is likely that the Board will, as soon as reasonably practicable, seek to implement a reconstruction of reserves to enable dividend payments to be resumed, there can be no assurance that the Company will obtain the necessary shareholder or other 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, MCG 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, MCG's management and employees may be affected and key management or employees may choose to leave MCG. This may have a negative effect on the performance of MCG. Additionally, to maintain shareholder value, MCG'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

As a listed company, MCG is required to publicise the Disposal in advance of Completion (including by the publication of this Circular). 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 MCG'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 complete, the value of the Target Business to MCG may be lower than can be realised by way of the Disposal and MCG's ability to deliver additional tangible shareholder value may be delayed or prejudiced.

Level of indebtedness in the Group may restrict its operational and financial flexibility

If the Disposal does not proceed the Group will be required to continue to operate with current levels of net indebtedness and within the constraints of the terms of the Revolving Facility. This may restrict its operational and financial flexibility in terms of the ongoing management of the Group, which may have a material adverse impact on MCG's ability to deliver shareholder value.

**PART III
PRINCIPAL TERMS OF THE DISPOSAL**

1. INTRODUCTION

The Disposal Agreement was entered into on 25 November 2015 between the Company, the Selling Entity and the Purchaser for the sale and purchase of the entire issued share capital of the Target Company. 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 Company and, through this sale, indirectly transfer 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
- US Newco.

3. CONSIDERATION

The aggregate consideration payable by the Purchaser to the Company for the shares in the Target Company at Completion shall be approximately €84.0 million (the “**Purchase Price**”).

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

Within 45 days of Completion, the Purchaser will prepare and deliver to the Company a working capital, provision adjustment and net financial debt and debt-like items statement for the Target Business. This statement will be prepared on the basis that the relevant reference date to which the statement is drawn up (which varies depending on when Completion is expected to occur) represents a financial year end for the Target Business on a going concern basis and excluding any effect of the change of control of the Target Business effected by the Disposal Agreement. The Purchase Price will be reduced or increased, as appropriate, on a “euro-for-euro” basis, by the amount by which the actual net working capital, appropriate level of provisions and financial debt and debt-like items amount at the relevant reference date on an agreed or determined version of such statement is less than or exceeds the estimated net working capital, appropriate level of provisions and net financial debt and debt-like items amounts at the relevant reference date. The adjustment amount will be paid by the Purchaser or the Company to the other, as appropriate, only if such amount exceeds €200,000.

4. CONDITIONALITY

Completion of the Disposal is conditional on:

- (i) the passing of the Disposal Resolution by Shareholders at the General Meeting;
- (ii) there having been no material adverse change in relation to staff retention rates and current year forecast operating results of the Target Business since the date of signing up to the later of passing of the Disposal Resolution by Shareholders at the General Meeting and 6 January 2016; and
- (iii) the French Anti-trust Authority (*Autorité de la Concurrence*) approving the Disposal.

Completion will occur four Business Days following satisfaction of the conditions.

In the event that the conditions referred to in (i) and (iii) above have not been satisfied by 29 February 2016, the Disposal Agreement will terminate.

In addition, the Purchaser's obligation to complete is subject to the provision by its financing banks of funding in accordance with the terms of binding commitment letters entered into between the Purchaser and the relevant banks at the same time as the Disposal Agreement or otherwise on similar terms and the Purchaser has agreed to use its best endeavours to procure that such financing is available to enable Completion to occur.

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 third party liabilities arising in the Target Business as a result of events which occurred on or before Completion.

The warranties are 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 aggregate liability of the Company for breaches of the warranties and indemnities contained in the Disposal Agreement shall not exceed €15 million. There are exceptions to this in relation to the warranties relating to title and capacity, 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 €500,000. Any individual warranty claims or indemnity claims of a value of less than €100,000 cannot be recovered.

General warranty claims must be brought within 30 months after the date of Completion and claims under the tax warranties and indemnities must be brought within the relevant statute of limitation applicable to such tax liabilities.

6. RESTRICTIVE COVENANTS

The Company and the Selling Entity 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 Company in the Territory, subject to certain customary exemptions including in relation to the existing other businesses of the Company in the Territory.

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 Company, to hive the assets and business of the US business and the shares of Kurt Salmon Switzerland Sarl being acquired into the Target Company's group and to enable the Target Business to settle certain inter-company balances and pay certain dividends prior to Completion.

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. LICENCE AGREEMENT

The Company has agreed to grant the Purchaser from Completion an exclusive licence to use the Kurt Salmon name for a period of three years from Completion in the Territory in relation to the operation of the Target Business, which in the United States applies 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 Solucom name. The Licence is subject to certain customary terms and conditions including to require that the style and logo associated with the use of the name by the Target Business be suitably differentiated from the continuing operations of Kurt Salmon being retained by the Group.

9. TRANSITIONAL SERVICES AGREEMENTS

On Completion, Kurt Salmon US Inc. will enter into a Transitional Services Agreement with US Newco in relation to the provision of back-office support services, including office space, to the US part of the Target Business (comprising certain Kurt Salmon operations in the United States) for a period of up to one year after Completion (which services can be terminated earlier by US Newco giving notice after the first six months) for a total fee of approximately US\$127,200 per month.

On Completion, Kurt Salmon US, Inc, will enter into a Transitional Services Agreement with the Purchaser in relation to the provision of certain IT services to the whole Target Business for a period of up to three years after Completion for monthly fees which are variable in accordance with the period of time during which such services have to be provided and the number of employees and size of the business using such services.

10. GOVERNING LAW

The Disposal Agreement is governed by French 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 2014 and the unaudited financial statements for the six months ended 30 June 2015.

The financial information in this Part IV has been prepared under IFRS. The accounting policies used are consistent with the accounting policies adopted in MCG'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 MCG. 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 240 of the Companies Act 1985 or, as the case may be, section 434(3) of the Companies Act 2006. The consolidated statutory accounts of MCG in respect of the years ended 31 December 2012, 31 December 2013 and 31 December 2014 have been delivered to the Registrar of Companies. The auditors' reports in respect of those statutory accounts for the three years ended 31 December 2014 were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985 or, as the case may be, section 498(2) or (3) of the Companies Act 2006. Deloitte were the auditors of the Group in respect of the three years to 31 December 2014 and reviewed the financial statements for the six months ended 30 June 2015.

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

Income statement for the Target Business for the six months ended 30 June 2015 and the financial years ended 31 December 2014, 2013 and 2012

	<u>For the six months ended 30 June</u>	<u>For the year ended 31 December</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(£'000)</u>			<u>(£'000)</u>
Revenue	49,195	96,915	105,634	112,188
Cost of sales	(35,132)	(70,645)	(78,381)	(81,336)
Gross profit	14,063	26,270	27,253	30,852
Administrative expenses—underlying	(10,346)	(22,114)	(22,609)	(21,750)
Profit from operations—underlying	3,717	4,156	4,644	9,102
Administrative expenses—non-recurring	-	(376)	(1,422)	(3,520)
Profit from operations—before amortisation	3,717	3,780	3,222	5,582
Admin expense—amortisation of acquired intangibles	-	-	-	-
Total administrative expenses	(10,346)	(22,490)	(24,030)	(25,271)
Profit from operations	3,717	3,780	3,222	5,582
Investment income	3	37	10	15
Finance costs	(671)	(1,677)	(1,582)	(1,627)
Profit before tax	3,049	2,140	1,650	3,970
Tax	(836)	(1,042)	(966)	(1,435)
Profit for the year attributable to equity holders	2,213	1,098	684	2,535

Balance sheet of the Target Business as at 30 June 2015 and 31 December 2014

	<u>As at 30 June 2015</u>	<u>As at 31 December 2014</u>
	<u>(£'000)</u>	<u>(£'000)</u>
Non-current assets		
Intangible assets	44	73
Property, plant and equipment	453	429
Total non-current assets	<u>497</u>	<u>502</u>
Current assets		
Trade and other receivables	22,083	14,486
Current tax receivables	607	927
Cash and cash equivalents	2,694	6,266
Total current assets	<u>25,384</u>	<u>21,679</u>
Total assets	<u>25,881</u>	<u>22,181</u>
Current liabilities		
Trade and other payables	(23,301)	(26,490)
Current tax liabilities	(81)	(700)
Total current liabilities	<u>(23,382)</u>	<u>(27,190)</u>
Net current assets/(liabilities)	2,002	(5,511)
Non-current liabilities		
Financial liabilities	(36,953)	(36,058)
Retirement benefit obligations	(2,266)	(2,500)
Long term provisions	(444)	(589)
Total non-current liabilities	<u>(39,663)</u>	<u>(39,147)</u>
Total liabilities	<u>(63,045)</u>	<u>(66,337)</u>
Net liabilities	<u>(37,164)</u>	<u>(44,156)</u>

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 2014 and is based on:

- MCG’s unaudited interim financial statements for the six months ended 30 June 2015; 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 on the net assets of the Group as if the Disposal had occurred on 30 June 2015.

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

	As at 30 June 2015					Pro forma net assets of Retained Group (£’000) Note 6
	As reported Group consolidated net assets (£’000) Note 1	Adjustments				
		Target Business Net Assets (£’000) Note 2	Disposal Adjustments (£’000) Note 3	Net proceeds (£’000) Note 4	Repayment of debt (£’000) Note 5	
Non-current assets						
Intangible assets	242,731	(44)	(94,500) ⁽ⁱ⁾	-	-	148,187
Property, plant and equipment	2,475	(453)	-	-	-	2,021
Financial assets	628	-	-	-	-	628
Deferred tax assets	12,945	-	-	-	-	12,945
Total non-current assets	258,779	(497)	(94,500)	-	-	163,782
Current assets						
Trade and other receivables	61,868	(22,083)	-	-	-	39,785
Current tax receivables	2,257	(607)	-	-	-	1,650
Cash and cash equivalents	11,924	(2,694)	2,694 ⁽ⁱⁱ⁾	58,193	(53,645)	16,472
Total current assets	76,049	(25,384)	2,694	58,193	(53,645)	57,907
Total assets	334,828	(25,881)	(91,806)	58,193	(53,645)	221,689
Current liabilities						
Trade and other payables	(61,021)	23,301	-	-	-	(37,720)
Current tax liabilities	(6,399)	81	-	-	-	(6,318)
Total current liabilities	(67,420)	23,382	-	-	-	(44,038)
Net current assets	8,629	(2,002)	2,694	58,193	(53,645)	13,869
Non-current liabilities						
Financial liabilities	(53,645)	36,953	(36,953) ⁽ⁱⁱ⁾	-	53,645	-
Retirement benefit obligations	(20,623)	2,266	-	-	-	(18,357)
Non-current tax liabilities	(3,818)	-	-	-	-	(3,818)
Long term provisions	(2,411)	444	-	-	-	(1,967)
Total non-current liabilities	(80,497)	39,663	(36,953)	-	53,645	(24,141)
Total liabilities	(147,917)	63,045	(36,953)	-	53,645	(68,179)
Net assets	186,911	37,164	(128,759)	58,193	-	153,510

Notes:

1. The consolidated net assets of the Group as at 30 June 2015 have been extracted, without material adjustment, from the published unaudited consolidated financial statements of the Group for the six months ended 30 June 2015, which were produced in accordance with IFRS.
2. The net assets of the Target Business as at 30 June 2015 have been extracted, without material adjustment, from the financial information on the Target Business as set out in Part IV (Financial Information on the Target Business) of this Circular.
3. The Disposal adjustments represent (i) the write-off of £94,500,000, being that part of the total goodwill for Kurt Salmon in the Group balance sheet at 30 June 2015 which was attributable to the Target Business at that date, and (ii) cash and equivalents of £2,694,000 and financial liabilities of £36,953,000, which taken together represent the net indebtedness of the Target Business which will be settled at Completion, and to the extent that cash and cash equivalents and financial liabilities in the Target Business are acquired/assumed by the Purchaser at Completion, the purchase consideration shall be adjusted accordingly.
4. The net proceeds of £58,193,000 comprise the expected gross cash proceeds from the Disposal of €84,000,000 (equivalent to £59,613,000 at an exchange rate of 1.4072 Euros to £1.00, the rate as at 30 June 2015) after deduction of the estimated transaction costs of £1,500,000.
5. The adjustment for the repayment of debt represents the application of net cash proceeds from the Disposal to the repayment of the Group's bank indebtedness at 30 June 2015. The repayment of debt amount is expected to be different at Completion and is expected to be £50.0 million.
6. The unaudited pro forma financial information does not reflect any changes in the trading or financial position of the Group since 30 June 2015.

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

(Intentionally left blank)

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

30 November 2015

Dear Sirs,

Management Consulting Group plc (the "Company")

We report on the pro forma financial information (the "Pro forma financial information") set out in Part V (A) (Unaudited Pro forma Financial Information relating to the Retained Group) of the Class 1 circular dated 30 November 2015 (the "Class 1 Circular"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the disposal of the entire share capital of MCG France SAS (the "Target Company") 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 2014. 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 Class 1 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 Class 1 Circular.

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.



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.

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

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**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 Act and regulations made thereunder.

3. THE DIRECTORS AND SENIOR MANAGERS

Directors Alan Barber (Chairman)
 Nicholas Stagg (Chief Executive)
 Christopher Povey (Finance Director)
 Chiheb Mahjoub (Executive Director)
 Marco Capello (Non-Executive Director)
 Stephen Ferriss (Non-Executive Director)
 Emilio Di Spiezio Sardo (Non-Executive Director)
 Andrew Simon (Non-Executive Director)
 Julian Waldron (Non-Executive Director)

Company Secretary Charles Ansley

Registered Office 10 Fleet Place
 London EC4M 7RB

4. DIRECTORS AND SENIOR MANAGERS INTERESTS IN SHARES

As at 27 November 2015 (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 2006 Act and the provisions of the Disclosure 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 27 November 2015</u>	<u>Percentage of Ordinary Shares</u>	<u>Number of Options over Ordinary Shares</u>
A J Barber	2,200,000 ¹	0.44%	—
N S Stagg	1,364,972 ²	0.27%	1,403,000
C J Povey	32,000 ³	0.01%	877,000
C Mahjoub	3,439,532	0.69%	1,403,000
M Capello	— ⁴	—	—
J Waldron	256,725	0.05%	—
E Di Spiezio Sardo	— ⁴	—	—
A Simon OBE	62,937 ⁵	0.01%	—
S Ferriss	367,451 ⁶	0.07%	—

1. 150,000 of these Shares are registered in the name of Brewin Nominees a/c GRO and 150,000 of these Shares are registered in the name of CGWL Nominees a/c GC1 Nominees. 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, which is the manager of BlueGem LP whose interest in the Company is disclosed in paragraph 6 (“Major Interests in Shares”) below.
5. These Shares are registered in the name of Platform Securities Nominees Limited a/c KKCLT.
6. These Shares are registered in the name of Pershing Nominees a/c PERNY.

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 2014, 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 27 November 2015 (being the latest practicable date before the publication of this Circular), a notifiable interest in the Ordinary Shares under Disclosure and Transparency Rule 5.

<u>Name of Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of existing issued share capital</u>
BlueGem LP	124,629,895	24.90%
Henderson Global Investors Ltd	89,281,160	17.84%
Aberforth Partners LLP	24,844,660	4.96%
Richard Griffiths	21,465,542	4.29%
Norges Bank	18,696,236	3.74%

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) *The agreement dated 21 December 2011 (the “Original Facilities Agreement”), as amended on 23 December 2011, 4 March 2015 and 7 July 2015 between (1) MCG as borrower and guarantor (2) various subsidiaries of MCG (as borrowers) (3) various subsidiaries of MCG (as guarantors) (4) HSBC Bank plc as facility agent and (5) Barclays Corporate, HSBC Bank PLC, HSBC France and Lloyds TSB Bank PLC (as arrangers and original lenders) (the “Amended Facility Agreement”) for an £85,000,000 multi-currency committed revolving credit facility (the “Amended Revolving Facility”)*

The Amended Revolving Facility was made available for refinancing and general corporate and working capital purposes of the Group including acquisitions and originally made available shortly after execution of the Original Facilities Agreement. It has a final maturity date of 21 July 2017, 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

Interest is payable at a floating rate equal to the aggregate of the margin and Libor (or Euribor for any Loan in euro). The margin is between 2.25% and 3.50% per annum, subject to a margin ratchet mechanism based on leverage for the relevant period. The current margin is 3.50% 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 Amended 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 Amended Facility Agreement requires MCG 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 Amended 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 Amended Facility Agreement contains customary events of default.

- (ii) *The 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 “Working Capital Facility”).*

The 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.

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 Working Capital Facility and the net Disposal proceeds, 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 the Unaudited Pro Forma Financial Information Relating to the Retained Group in Part V 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 2015, being the date to which MCG's most recent unaudited financial statements have been prepared.

On 23 November 2015, MCG released a trading update which contained the following statement:

“Alexander Proudfoot's performance in the third quarter, as expected, was disappointing, including in the North American operations which had performed well in the first half. The order intake in the last four months has been weak and the Board does not now expect a significant improvement in performance over the rest of 2015. It is clear that reduced demand from natural resources' clients has contributed to this weakness, with revenues from this sector so far this year being approximately 40% lower than the same time last year. Action is being taken to accelerate change in the underperforming operations, in Europe and Africa in particular, which will involve some restructuring initiatives. However, the outlook for Alexander Proudfoot for 2015 as a whole has deteriorated from the position set out in the Interim Results statement and the Board currently expects that Alexander Proudfoot will deliver second half revenues in 2015 which are significantly lower than those in the first half of the year, and an operating loss for the year as a whole.

In the Interim Statement the Group reported net indebtedness of £41.7 million at 30 June 2015. As a result of weakness in Alexander Proudfoot the level of net indebtedness is currently higher than the half year position.”

Unaudited net indebtedness is expected to be approximately £50.0 million (equivalent to €71.0 million) at Completion, an increase of approximately £8.3 million on the 30 June 2015 unaudited half year position of £41.7 million. As described in the trading update announced on 26 November 2015, this increase is due to weakness in Alexander Proudfoot.

Target Business

There has been no significant change in the financial or trading position of the Target Business since 30 June 2015, 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 7 (*The Transaction Incentive Bonus Resolution*) of Part I (“*The Letter from the Chairman of Management Consulting Group PLC*”) of this Circular, the Half Year Report of the Company for the six months ended 30 June 2015 and the Annual Reports and Financial Statements of the Company for the years ended 31 December 2014, 2013 and 2012, 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 2014, 2013 and 2012, nor during the period between 30 June 2015 and 27 November 2015, 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	7
Annual Report and Financial Statements of the Company for the year ended 31 December 2014	Notes to the Consolidated Financial Statements	53, 54, 55, 56 and 111
Annual Report and Financial Statements of the Company for the year ended 31 December 2013	Notes to the Consolidated Financial Statements	100
Annual Report and Financial Statements of the Company for the year ended 31 December 2012	Notes to the Consolidated Financial Statements	84

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 2014, 31 December 2013 and 31 December 2012;
- 14.3 the Half Year Report of the Company for the six months ended 30 June 2015;
- 14.4 Deloitte LLP’s report on the unaudited pro forma statement of net assets included in Part V (B) of this Circular;

- 14.5 the written consent 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 Stock Plans, as amended, referred to in Section 6 ("*The RSP Target Business Resolution*") of Part I ("*Letter from the Chairman of Management Consulting Group PLC*").

PART VII DEFINITIONS

2006 Act	the Companies Act 2006, as amended;
“Amended Revolving Facility”	means the Amended Revolving Facility described in paragraph 7(i) of Part VI of this Circular;
“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;
“Disclosure and Transparency Rules”	the Disclosure 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 25 November 2015 between, inter alia, 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 approving the Disposal;
“Euroclear”	Euroclear UK & Ireland Limited;
“Financial Conduct Authority” or “FCA”	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;
“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 17 December 2015 (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;
“IFRS”	International Financial Reporting Standards, as adopted by the European Union;
“Licence Agreement”	the licence agreement to be entered into by MCG and Solucom on Completion pursuant to which MCG will agree to allow Solucom use of the Kurt Salmon name for a period of three years in the territories in which the Target Business currently operates;
“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 proposed amendments to the Restricted Share Plans and the proposed Transaction Incentive Bonuses;
“Purchaser”	Solucom;
“Purchase Price”	approximately €84.0 million;
“Register of Members” or “Register”	the register of Shareholders;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Resolutions”	means the proposed resolutions set out in the Notice of General Meeting contained in Part VIII of this Circular;
“Restricted Share Plans”	the Company’s Restricted Share Plan and Restricted Share Plan 2, including their schedules;
“Retained Group”	MCG and its Subsidiaries and Subsidiary Undertakings following the Disposal, which shall not include the Target Business;
“Rothschild”	N M Rothschild & Sons Limited of New Court, St. Swithin’s Lane, London EC4N 8AL with company number 925279;
“RSP Target Business Resolution”	the proposed ordinary resolution approving the amendments to the Restricted Share Plans to allow for the issue of up to 9 million new Ordinary Shares to satisfy awards made under the Restricted Share Plans;
“Selling Entity”	MCG Holdings Netherlands BV;
“Shareholder”	a holder of Ordinary Shares in MCG;
“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 businesses in France, Belgium, Luxembourg, Switzerland and Morocco, together with certain related operations in the United States;
“Target Business Awards”	awards under the Restricted Share Plans held by employees of the Target Business;

“Target Company”	Management Consulting Group France SAS;
“Territory”	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 Solucom name, the United States;
“Transaction Incentive Bonuses”	the award of a bonus of £200,000 to Nicholas Stagg (the Chief Executive) and the award of a bonus of £130,000 to Christopher Povey (the Finance Director);
“Transaction Incentive Bonus Resolution”	the proposed ordinary resolution approving the proposed Transaction Incentive Bonuses to the Chief Executive and the Finance Director;
“Transitional Services Agreements”	the transitional services agreement to be entered into by Kurt Salmon US Inc. and Solucom on Completion (pursuant to which Kurt Salmon US Inc. will agree to provide certain IT services to the Target Business for a period of up to three years following Completion) and the transitional services agreement to be entered into by Kurt Salmon US Inc. and US Newco (pursuant to which Kurt Salmon US Inc. will agree to provide back-office services to the Target Business for a period of up to one year while the process of separating the US portion of the business from the Retained Group is taking place);
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Conduct Authority, in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 and in the exercise of its functions in respect of the admission of securities to the Official List of the UK Listing Authority other than in accordance with Part VI of the Financial Services and Markets Act;
“US or United States”	the United States of America;
“US Newco”	the newly incorporated owner of the US business being acquired as part of the Target Business; and
“Working Capital Facility”	a new working capital facility arranged by the Group which will replace the existing Amended Revolving Facility on Completion.

**PART VIII
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 17 December 2015 at 10.00am for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions:

RESOLUTION 1:

THAT the proposed disposal (the “**Disposal**”) of the Target Business described in the Circular to the Shareholders of the Company dated 30 November 2015 (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 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 issue of up to 9 million new Ordinary Shares, 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.

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.

BY ORDER OF THE BOARD



Charles Ansley
Company Secretary

Registered Office: 10 Fleet Place, London, EC4M 7RB

Dated 30 November 2015

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 6.00pm on 27 November 2015 (being the last Business Day prior to the publication of this Notice), the Company’s issued share capital consisted of 500,427,971 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 27 November 2015, was therefore 498,000,351.
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 6.00pm on 15 December 2015, 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 6.00pm on 15 December 2015, 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

