

## **Management Consulting Group PLC**

### **Memorandum setting out particulars of the proposed payment of Transaction Incentive Bonuses (in accordance with section 226D Companies Act 2006)**

*A reference in this memorandum to the Circular is a reference to the circular to the shareholders of Management Consulting Group PLC dated 4 October 2016. Any terms not defined in this memorandum have the same meaning as in the Circular.*

As a separate resolution at the General Meeting, Shareholders will be asked to approve the award of a bonus to each of Nicholas Stagg (the Chief Executive) of £550,000 and Christopher Povey (the Finance Director) of £200,000 (together, the "**Transaction Incentive Bonuses**").

Under the Company's current Remuneration Policy, the Chief Executive and the Finance Director are eligible to receive an annual bonus of up to 100% of salary. Under the current Remuneration Policy, not less than 70% of the annual bonus is assessed on financial targets set around the Group's and individual business' budgeted profits and revenue ("financial objectives") with not more than 30% based on the achievement of non-financial strategic objectives ("personal objectives"). The Remuneration Committee retains the discretion to set alternative metrics from year to year if it deems this to be appropriate, provided always that at least 70% will be based on financial measures.

Performance is measured over one year. The current 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, 2015 or 2016.

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

Accordingly, the Remuneration Committee has recommended that the Transaction Incentive Bonuses, which will be payable within 30 days after Completion, be awarded to the Chief Executive and the Finance Director. Payment of the Transaction Incentive Bonus to the relevant director is contingent on: (i) the completion of the Disposal; (ii) the relevant director remaining in employment with the Company, and not having given notice of leaving employment with the Group, at the date of Completion, and (iii) the Company having obtained, to the extent required, written confirmation from its Sponsor relating to the Transaction Incentive Bonuses in accordance with Listing Rule 11.1.10R(2)(b).

The Remuneration Committee considers that the current Remuneration Policy does not give the Remuneration Committee the flexibility to award the Transaction Incentive Bonuses, as such Transaction Incentive Bonuses fall outside the parameters of the types of bonuses and PSP awards contemplated under the current Remuneration Policy. Accordingly, Shareholders are being asked to approve the Transaction Incentive Bonus Resolution.

The Remuneration Committee is currently considering the remuneration policy that would be appropriate to reflect the altered circumstances of the Group. 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.

This memorandum in respect of the Transaction Incentive Bonuses is required to be made available for inspection by the shareholders of Management Consulting Group PLC. It will therefore be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of Management Consulting Group PLC and at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA from the date of this document

up to and including the date of the General Meeting and for the duration of the General Meeting: In addition, it will be available for inspection on the Company's website from 6 October 2016 until the Company's next accounts meeting.

4 October 2016