Management Consulting Group PLC

Acquisition of Kurt Salmon Associates

Adding deep sector expertise

19 September 2007

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Contents

KSA overview

- Long established global management consultancy in the Consumer Products & Retail and US Health Care sectors
- Market leader in both sectors serving 7 of the top 10 global retailers and all of the top 10 US hospital groups
- Business centred on US with European and increasing Asian presence
- c.550 employees of whom 77 are principals
- 2006 revenues of $153 million
- 2006 operating profit margin of 8.4%
- Current trading showing good progress on 2006:
  - *Year to date revenue up 18%*
  - *Year to date operating profit up 48%*

Acquisition overview

- Acquisition for $125 million (£62.7 million) comprising:
  - *$75 million cash payable on completion with approximately $47.6 million payable to current principals*
  - *48.3 million* of vested MCG shares for current principals*
  - *the grant of options over 6.3 million** MCG shares to rollover existing KSA options*
- Share forfeitures for leavers
- Expected to be earnings enhancing in 2008 (before integration costs and amortisation of intangible assets)
- Subject to shareholders' approval
- Completion expected in October 2007

* Based on an MCG share price of 48.84 and an exchange rate of £1:$2.01

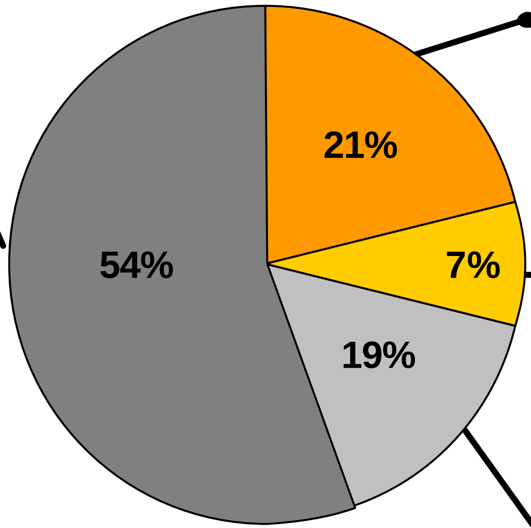
** To be finalised at closing

2. KSA

Major practice sectors – year ending 2006

Consumer Products & Retail – North America

Revenue:	$82.6m
Principals:	42
Total Consulting Staff:	190



Consumer Products & Retail – Europe

Revenue:	$31.4m
Principals:	13
Total Consulting Staff:	106

Consumer Products & Retail– Asia Pacif

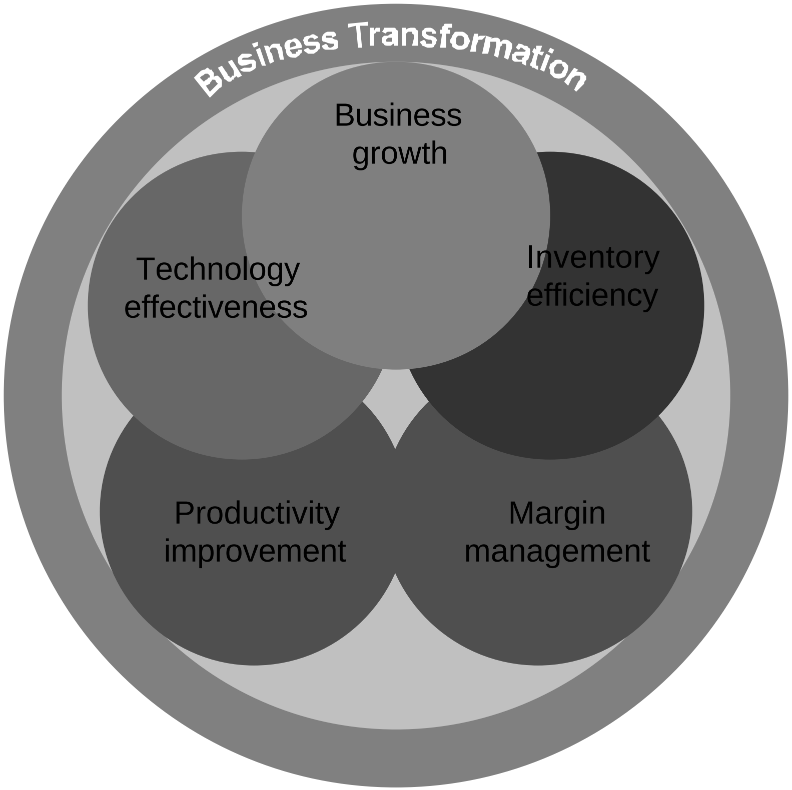
Revenue:	$10.7m
Principals:	3
Total Consulting Staff:	36

Health Care – North America

Revenue:	$28.2m
Principals:	19
Total Consulting Staff:	68

Consumer Products & Retail Division (CPD) overview

- Similar services worldwide
- Work addresses strategy, process, organisation and technology support
- Core skill set related to merchandising, inventory and supply chain
- Service lines allow for complete transformation projects
- Most projects are cross-service line
- Each individual service line has sub-offerings



CPD – service line detail (example using Business Growth)

Business Growth program

KSA Tailored Solutions

Corporate growth strategy	Brand value enhancement	Assortment organization	Store performance improvement	Channel/ format development	New business development	M&A

Consumer insight / market insight / channel insights

Target Outcomes

- Accelerated sales
- Unleashed brand potential
- Enhanced consumer loyalty
- Increased market share
- New market penetration
- New business development or acquisition

CPD – example clients

Supply	Mixed / Hybrid	Retail
Philips	L.L.Bean	Carrefour
Champion	Blockbuster	Kingfisher
P&G	The Body Shop	Pathmark
Carhartt	Coteminas	GUS
Prada	Brown Shoe	Tesco
Triumph International	Auchan	QVC www.qvc.com
Schiesser	Timberland	Metro Group
Vanity Fair	Polo Ralph Lauren	KarstadtQuelle AG
Jaeger	Liz Claiborne	Wal*Mart
Kellwood	vf	Woolworths
Dow	Esprit	Federated Department Stores, Inc.
Kenzo	Burberry	Kohl's
Sara Lee	Mustang Jeans	WHSmith
Jones Apparel Group	Talbots	Marks & Spencer
		AutoZone
		Lacoste
		Staples
		Toys R Us
		Delhaize Group
		Aeon
		Sainsbury's
		VendexKBB

CPD – Benchmarking database

- KSA maintains a market-leading benchmark and best practice database
- Data is provided directly to KSA by over 250 Consumer Products & Retail companies (see table for example data providers)
- This asset generates recurring revenues

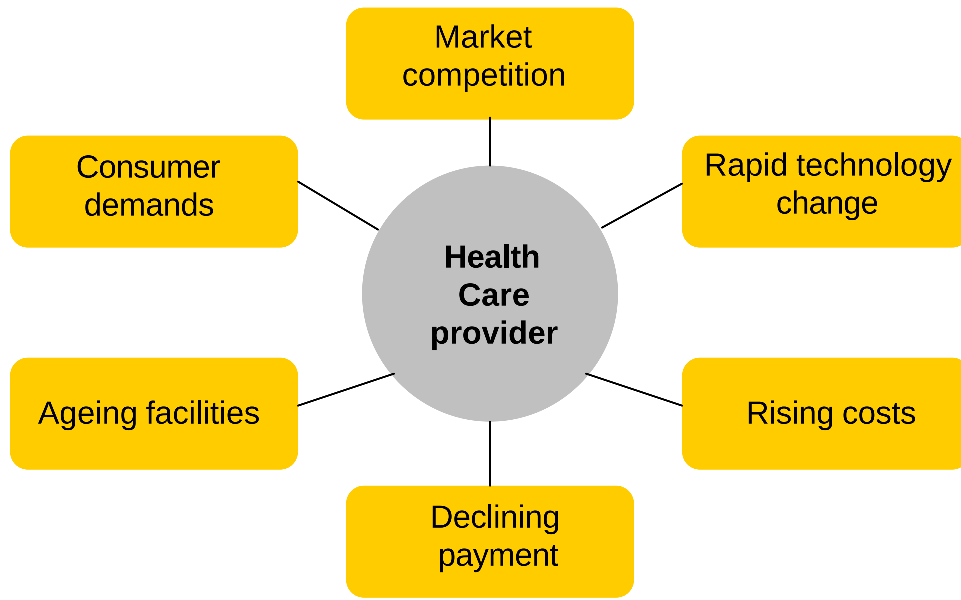
Department/chain/ mass/discount	Manufacturers/wholesalers	
May Co	Burberry	Maidenform
JC Penney	Carhartt	Mamiye Brothers
Target	Champion	Nike
Saks	Delta Galil	North Face
Sears	Donna Karan	Norton McNaughton
Kmart	Jaeger	OshKosh B'Gosh
Wal-Mart	Jones Apparel	Polo Ralph Lauren
	Kellwood	Reebok
	Jockey	Sara Lee
	Lacoste	Stride Rite Corp
	Levi's	Timberland
	Liz Claiborne	VF Corp
	London Fog	Warnaco

Specialist retailers		
Abercrombie & Fitch	Gap	Old Navy
Aeropostale	Guess	Orvis
Ann Taylor	H&M	PacSun
Bed Bath & Beyond	J Crew	Pottery Barn
Banana Republic	J Jill	REI
Casual Male	Levi's	Staples
Chico's	Limited	Talbots
Children's Place	Limited Too	Victoria's Secret
Eddie Bauer	LL Bean	Williams Sonoma
	Nine West	Zara

Health Care Services Division (HSD) overview

- Combines unique management consultancy (not medical) expertise with best known client base
- Strategy is: ‘to be the best, for the best, with the best’
- Service lines
  - *Strategy Services*
  - *Facility Services*
  - *IT Services*
- Focus on Health Care providers (i.e. hospitals and organised physician groups)
- Strong use of thought leadership and national speaking platforms to expand reach

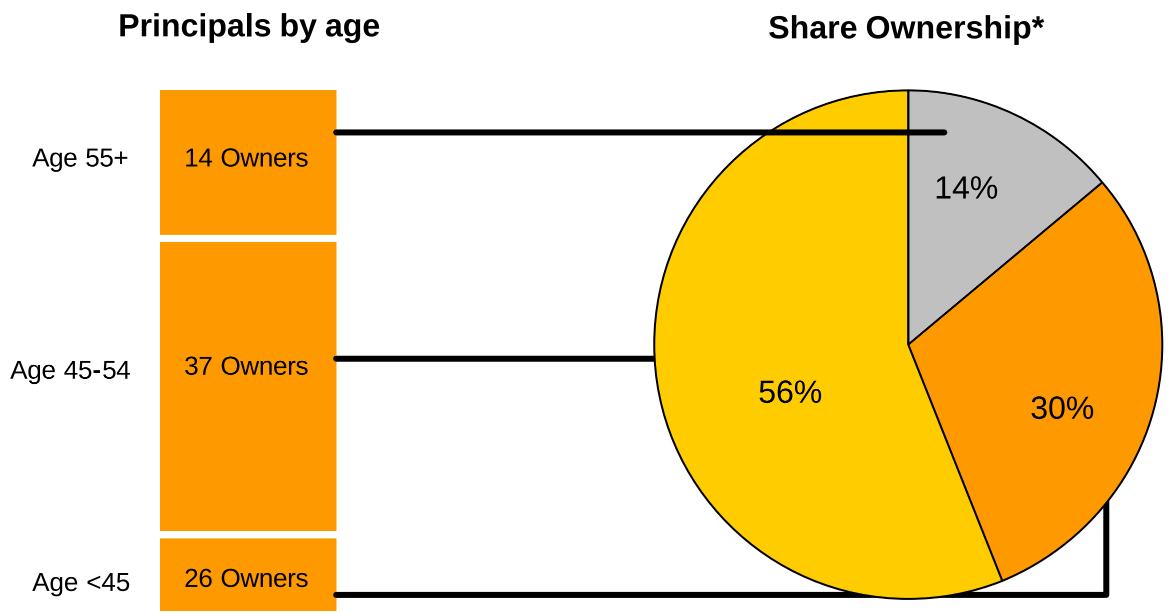
Drivers of demand



HSD – example clients

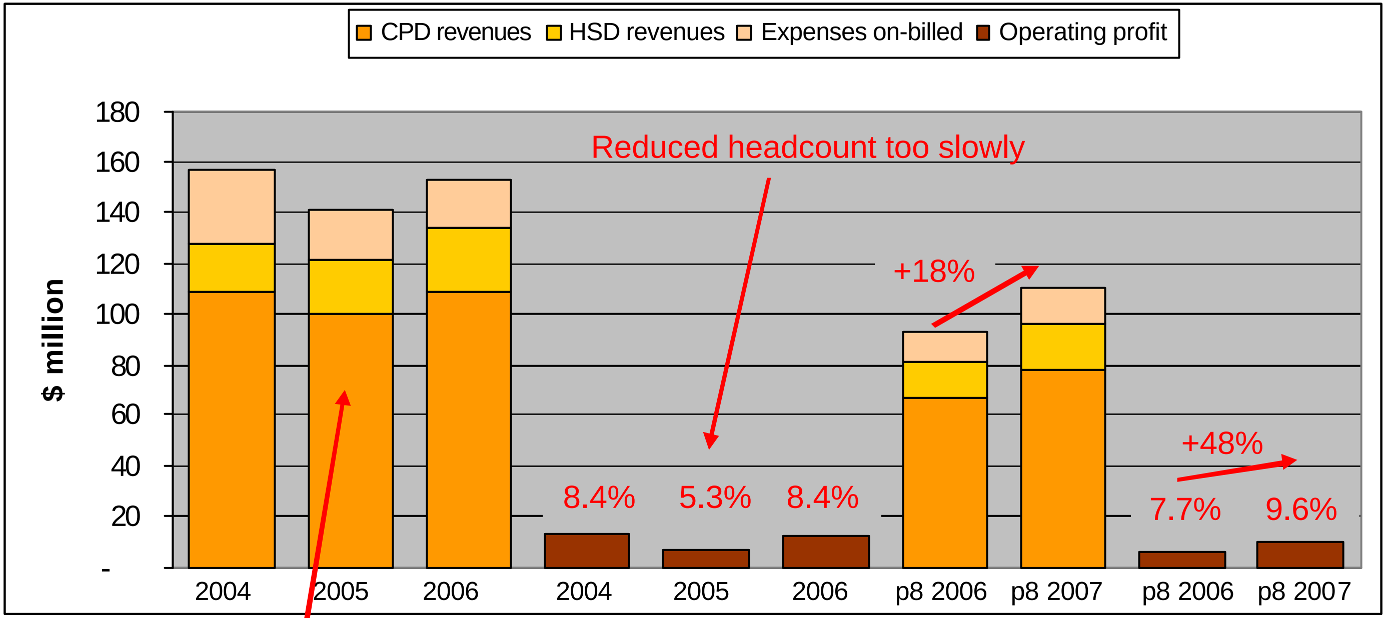
- Johns Hopkins Medicine
- Brigham and Women's Hospital
- Alegent Health – This is your healthcare
- Children's Medical Center
- BJC HealthCare℠
- Scott & White
- University of Miami Medical Computer Systems
- Cleveland Clinic Sports Health
- The Children's Hospital of Philadelphia®
- MUSC Medical University of South Carolina
- Intermountain™ Healthcare
- Cedars-Sinai Medical Center
- Centre universitaire de santé McGill / McGill University Health Centre
- Riley Hospital for Children, Indianapolis, Indiana
- Massachusetts General Hospital
- Henry Ford Health System
- Geisinger
- Duke University Medical Center
- Texas Children's Hospital
- UCLA Medical Center
- UCSF Medical Center
- University of Washington Medical Center UW Medicine
- Barnes-Jewish Hospital

Equity ownership profile



* fully diluted

Historical underlying trading performance



Client engagement issues in Europe and decline in one major client spend in Japan

Note - Period 8 (P8) 2007 ended 11 Aug and is unaudited

Financial accounts

	2004	2005	2006	P8 2006	P8 2007
	$m	$m	$m	$m	$m
Revenue	156.9	141.1	152.9	94.8	111.8
Underlying operating profit	12.6	7.5	12.8	7.3	10.8
Restructuring and bad debts	(4.2)	(5.7)	(2.2)	(2.2)	
Operating profit	8.4	1.8	10.6	5.1	10.8

- ERP implementation project issues in 2004 prompted the withdrawal from that business line for risk management reasons. High-end IT consultancy is retained in France (only).
- The restructuring was a drawn-out process over three financial years; no one-off charge was taken.
- In 2004 steps commenced to align the headcount with the size of the business but the project was undertaken gently over a number of years.
- 2005 had revenue decline in Europe and Japan which was partly attributable to withdrawal from ERP projects. Management changes were made in 2005.
- 2006 had revenue growth in the US and a reduction in salary costs due to retirements and better utilisation management.
- 2007 has seen strong growth in the US, particularly in Health Care and an improving European performance. There are no restructuring charges.

Note: Period 8 (P8) 2007 ended 11 August and is unaudited

Balance sheet

	P7 2007
Assets	$m
Fixed assets	3.2
Other non-current assets	14.2
Deferred tax assets	12.3
	29.7
Debtors	40.5
Tax recoverable	4.3
Cash	8.0
	52.8
Liabilities	
Trade and other payables	45.4
Tax	1.0
Other short term liabilities	2.4
	48.8
Retirement liabilities	8.0
Debt and financial liabilities	18.7
Provisions	14.6
	41.3
Tangible net liabilities	(7.6)

- Other non-current assets comprise investments related to pensions and provisions
- Debtor days are typically 80 days
- Peak bonus accruals are at year end
- Net debt to be refinanced out of MCG's revolver
- Retirement liabilities are primarily in Germany
- Debt and financial liabilities are settled out of the consideration
- Provisions are primarily in the US

Note: Period 7 (P7) 2007 ended 14 July and is unaudited

Other financial information

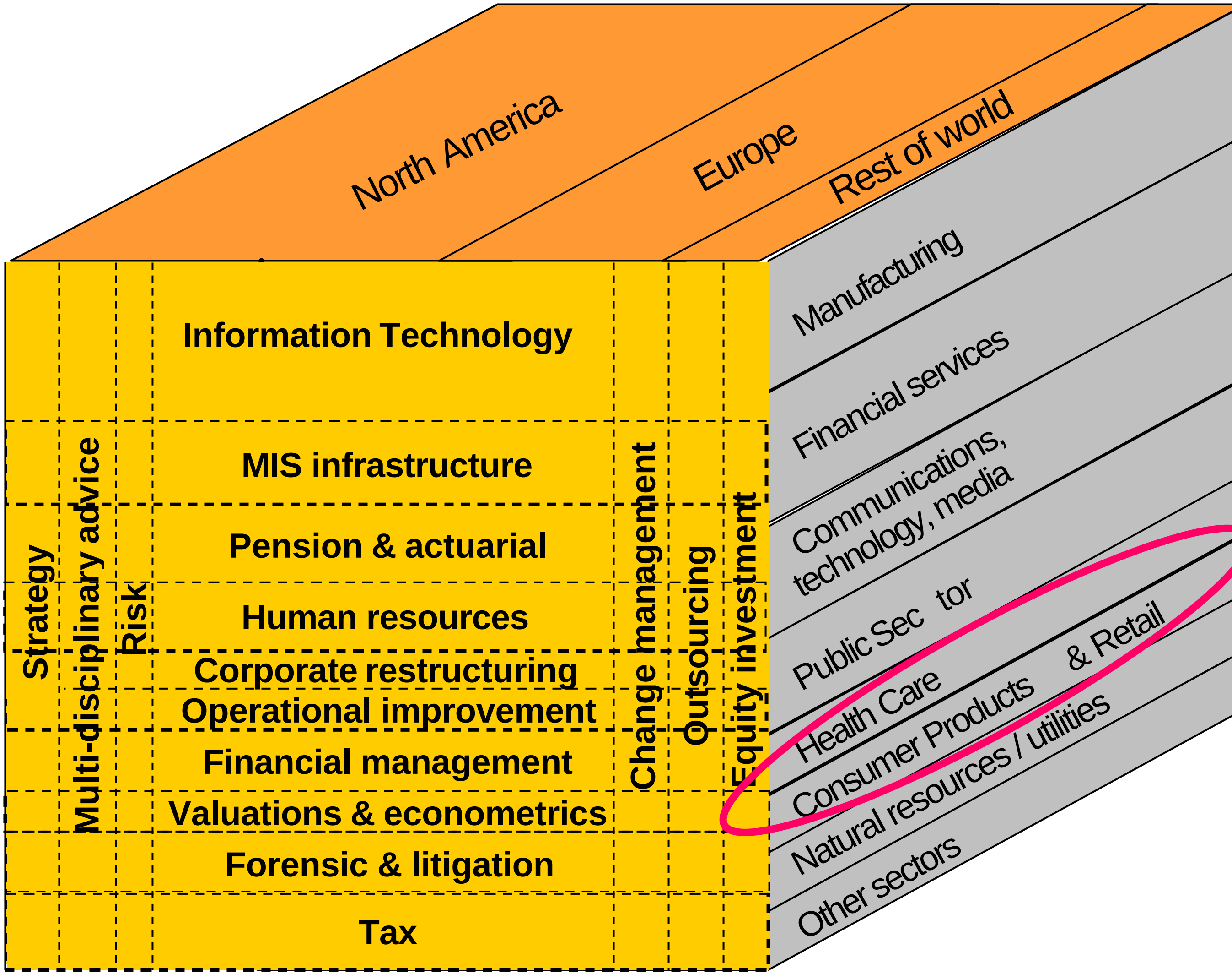
- In 2006, KSA's largest client accounted for 5% of total revenues (on a pro forma basis this would be 2% of MCG's overall revenues)
- Largest clients vary from year to year
- In 2006, the top 10 clients accounted for 25% of total revenues (on a pro forma basis this would be approximately 10% of MCG's overall revenues)
- Typical engagement size is approximately $750,000
- 63% utilisation in US on average; 10% pts lower in Europe and 10% pts higher in Asia

3. Strategic rationale

MCG strategy

- MCG's strategy is to be a multidisciplinary consulting service group that is delivering revenue and margin growth through broadening and deepening its consulting offerings in existing and new geographies

- MCG services clients that buy by:
  - *Functional expertise*
  - *Industry knowledge*
  - *Geographical coverage*



MCG's objectives

- Clients
  - *To provide a multidisciplinary service to clients through specialist consultancies*
  - *To provide management oversight for major client relationships across all group consultancies*
  - *To ensure group colleagues are aware of the group offerings and introduce clients to the MCG range of services*
  - *To increase the depth and breadth of the consultancies to increase revenue synergies*
- Strategy
  - *To shape the group strategy and provide strategic and directional challenge to group consultancies*
  - *To prioritise and provide support for investment opportunities*
  - *To support the development of diverse and appropriate corporate cultures*
- Infrastructure
  - *To provide specialist expertise in financial disciplines, human resource management, legal and secretarial, IT, marketing and knowledge management*
  - *To decrease the infrastructure costs through economies of scale*
  - *To provide cost effective access to capital*
- Value
  - *To deliver revenue and earnings growth*

Strategic rationale: Operational

- Adds well-managed business to MCG's portfolio of offerings
- Secures a world leading Consumer Products & Retail consultancy
- Secures the US's leading institutional Health Care consultancy
- Broadens the Group's industry consulting expertise building on Ineum Consulting
- Quality and strength of client base
- Opportunities to cross-refer to and from other businesses within the Group
- Strong KSA brand raises the Group's profile particularly in the US
- Deepens the Group's talent pool with internationally experienced principals

Strategic rationale: Geographical and sectoral

- Increases exposure to the world's largest consulting market place
- Rebalances the Group's revenue towards the demand from the consulting market place
- Provides access to large consulting industry sectors
- Increases Group's Asian presence and opportunities
- Significant foothold in world's leading Health Care market place
- Opportunity to expand Health Care offering outside the US

Strategic rationale: Financial

- Adds business which has grown profits and is now growing revenue and profits
- Expected to be earnings enhancing in 2008 (before integration costs and amortisation of intangible assets)
- Creates opportunity to reduce unit infrastructure costs
- Further increases size of MCG
- Further diversifies risk through wider offerings and geographies
- Reduces risk through the Health Care practice which is not aligned to the macro economic cycle

4. MCG and KSA combined

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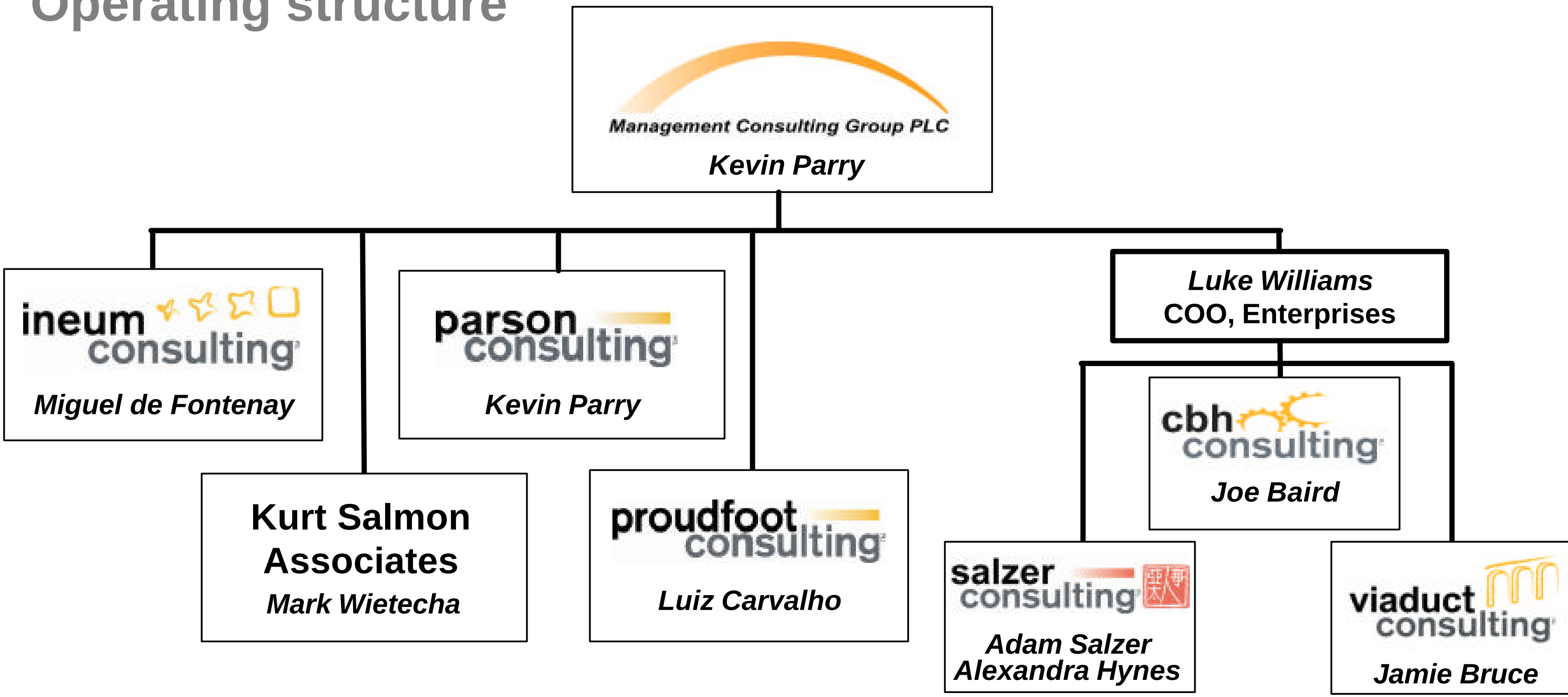
Operating structure

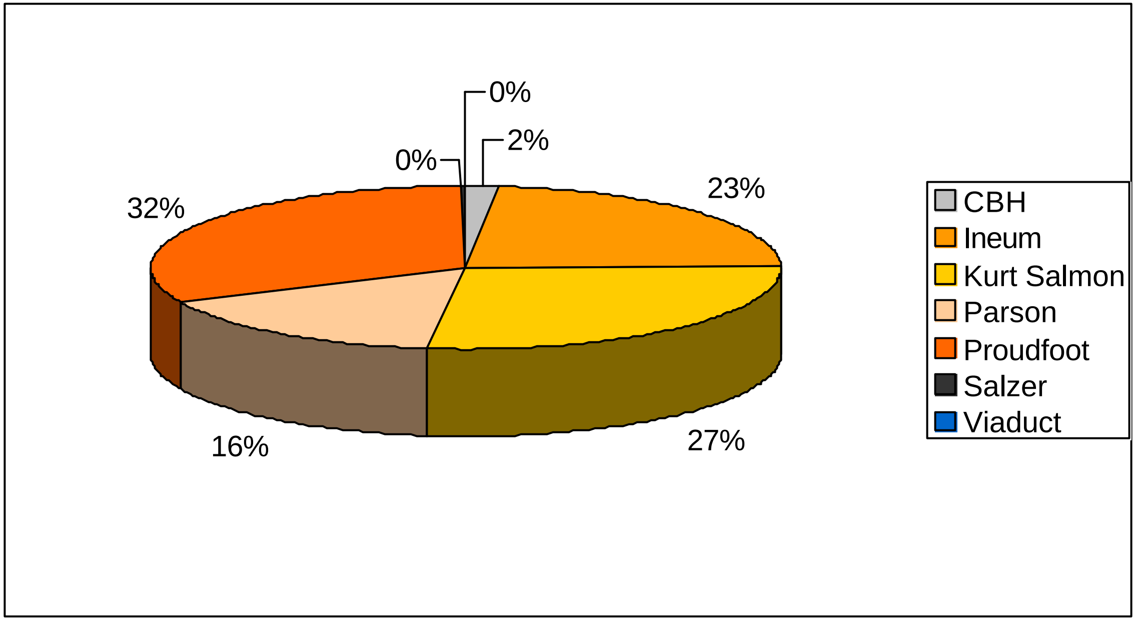


Global Accounts: *Miguel de Fontenay*

Central Services: *Simon Glynn*

Finance: *Craig Smith*

2006 pro forma revenue



2006 pro forma revenue was £280 million

Integration

- KSA to develop links with Group consultancies
- Key elements
  - *Maintain two divisions in KSA*
  - *Office combination as possible and in line with leases*
  - *High interaction from the outset*
  - *Inclusion in the Global Accounts programme*
  - *Dedicated integration team and CEO sponsorship*
- Exceptional costs related to integration and future synergies estimated at £4.0 million to be incurred as:
  - *£0.75 million in 2007*
  - *£2.25 million in 2008*
  - *£1.0 million in 2009*

Opportunities

- Margin growth
- Growth of CPD outside the US
- Growth of HSD globally
- Scope for cross-referrals
- Unit cost savings

No synergy benefits have been taken into account in determining earnings enhancement

5. Capital structure

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Capital structure

- Size of group now supports higher levels of debt finance reducing need for equity

	June 2007 £'m	Acquisition £'m	Post acquisition £'m
Capital structure			
Issued share capital and premium	67.8	24.8	92.6
Other reserves	48.0	0.0	48.0
	115.8	24.8	140.6
Facilities			
Term loan	30.0		50.0
Revolver	20.0		60.0
	50.0		110.0

- Ineum shareholders reduced from 30% to 25%* and locked up until Sep 2009 and Sep 2010
- Kurt Salmon shareholders will represent 15% of the equity and locked up until Oct 2011 and Oct 2012

* - to be finalised at closing

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Funding

- Debt
  - *Cash requirement met out of new facilities totalling £110 million, comprising c.£50 million 5 year Euro and Dollar term loans and c.£60 million multicurrency revolving facilities*
    - Initial cost of borrowings is LIBOR plus 1.5%, ratcheting down from 31 December 2008 to 0.8% as the company deleverages
    - Average net debt in 2008 approximately £75m
    - Arrangements and other fees 1.25%
    - Pro forma debt/EBITDA of approximately 2x and interest cover of approximately 7.0x for 2008
- Equity
  - *48.3m new MCG shares issued to KSA vendors at 48.84 pence per share* subject to dollar price adjustment in a 10% collar based on share price and exchange rate at completion*
  - *Shares locked up for four years (50%) and five years (50%) to act as a retention mechanism*
  - *Penalties for leavers in first four years of up to 75% of shares*
  - *Options act as retention mechanism particularly for key managers*

* 30 day average pre-announcement

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6. Expected timetable

Expected timetable

19 September

- Announce transaction

21 September

- Prospectus and class 1 circular posted

11 October

- EGM to approve Acquisition

w/c 15 October

- Completion

7. Summary

Summary

- Strong strategic rationale: operational, geographical, sectoral and financial
- Excellent acquisition following many years of dialogue with a high quality firm
- Former KSA principals' interests fully aligned with MCG
- Integration planning is underway
- Expected to be earnings enhancing in 2008 (before synergy benefits)
- Major step forward in group's size providing a platform for further growth

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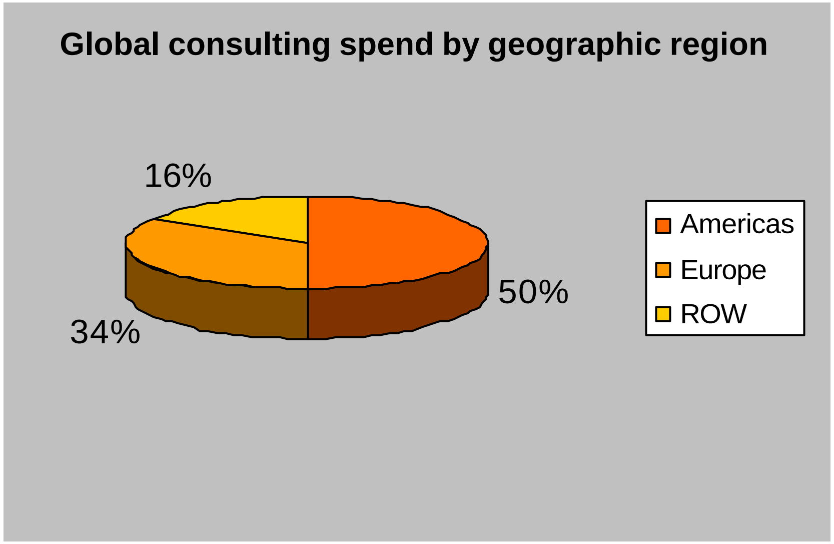
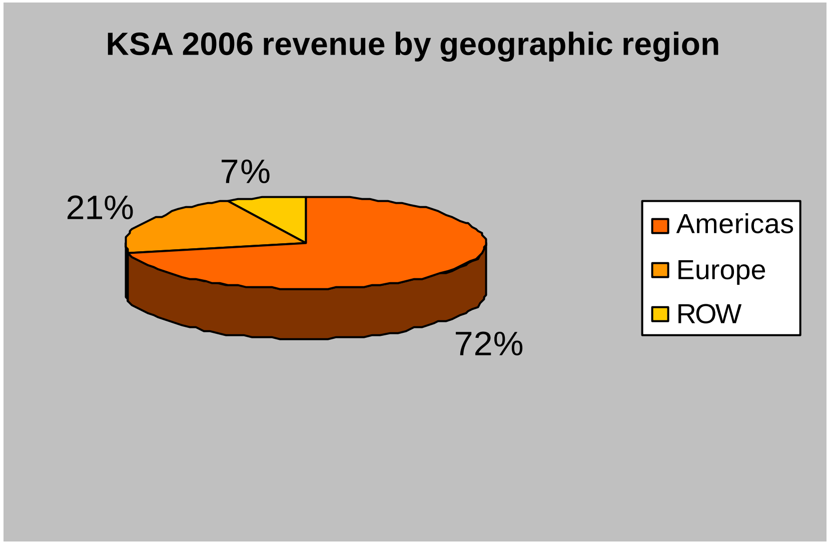
APPENDIX

Strategic rationale supporting slides

Increasing exposure to the world's largest consulting market place





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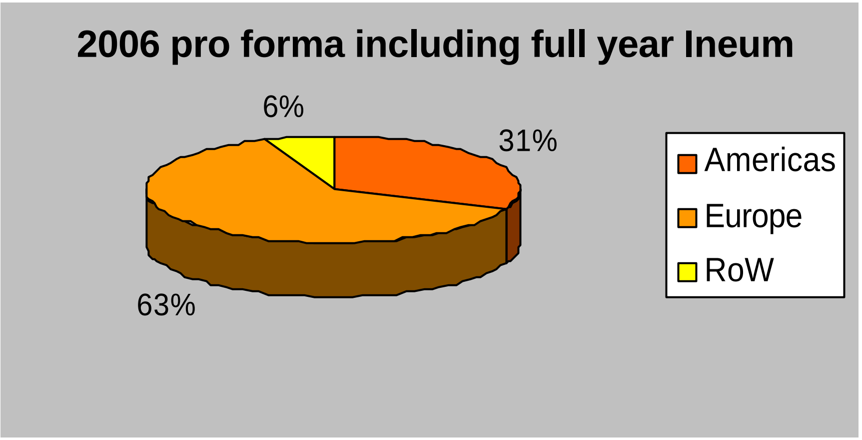
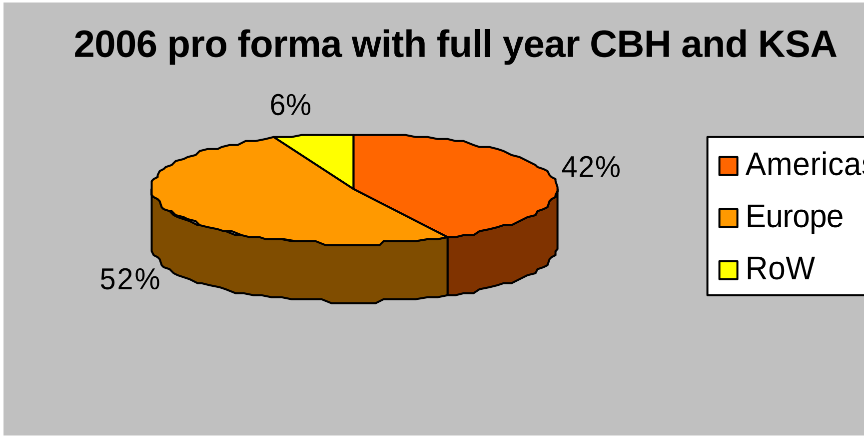
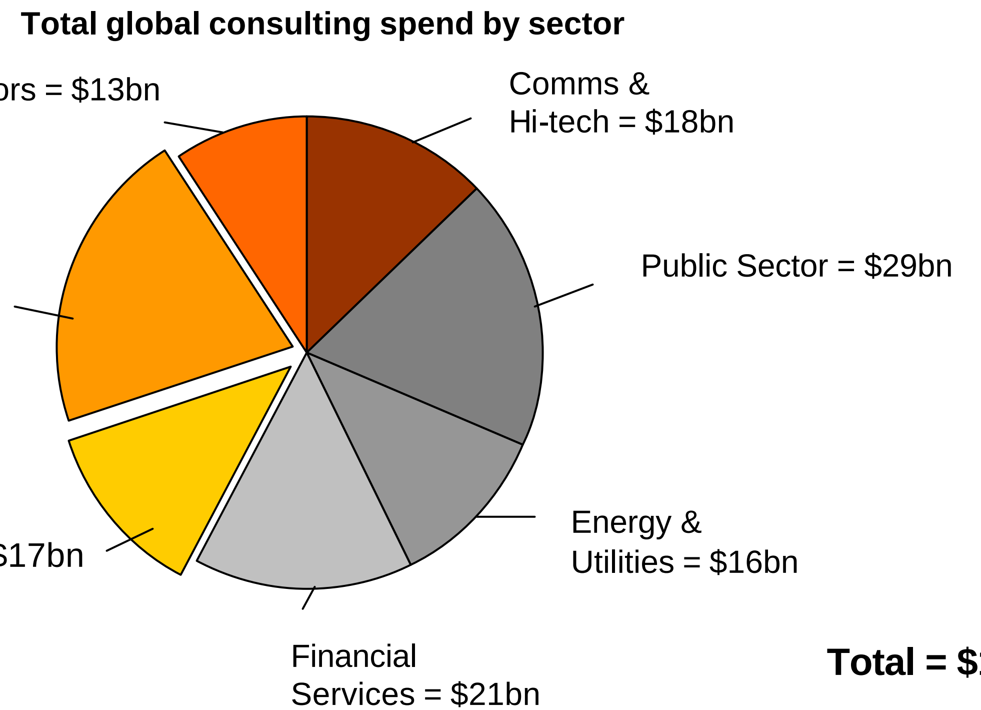
Rebalances the Group's revenue towards the demand from the consulting market place



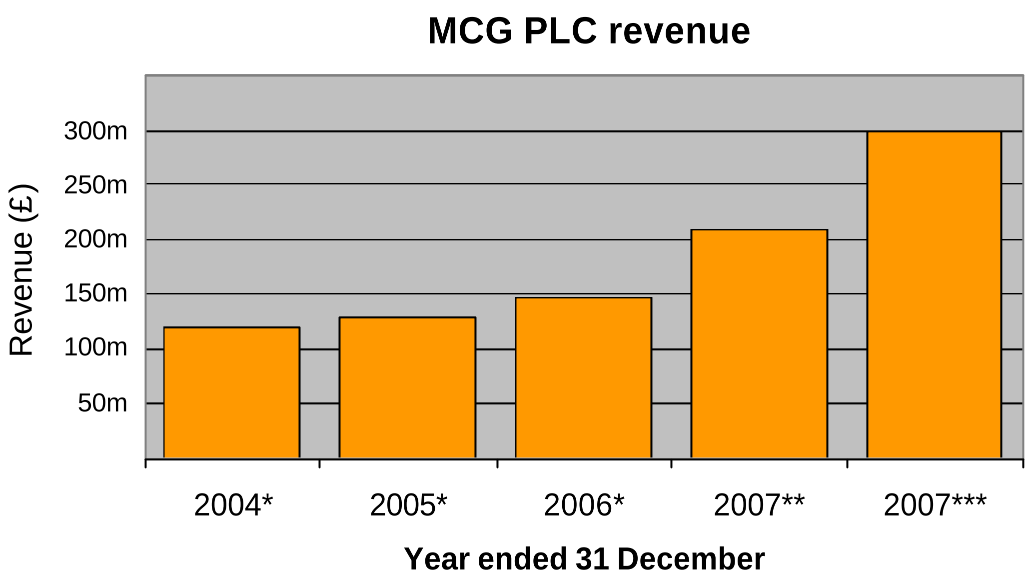


Provides access to large consulting industry sectors



Total = $140bn

Further increases the size of MCG

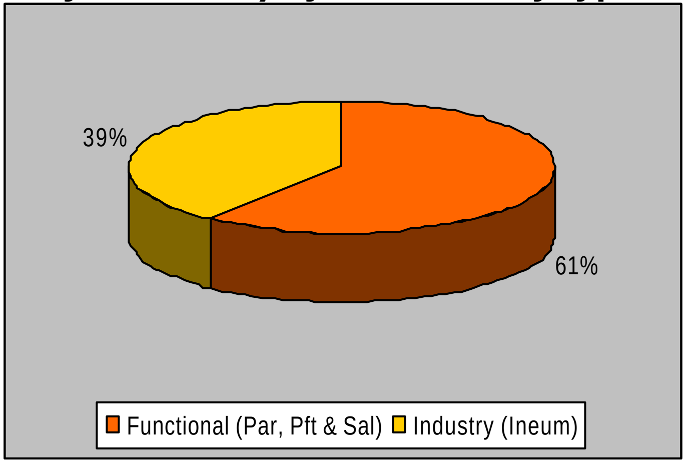


2007 pro forma suggests MCG is approximately 23rd in the global consulting revenue league table

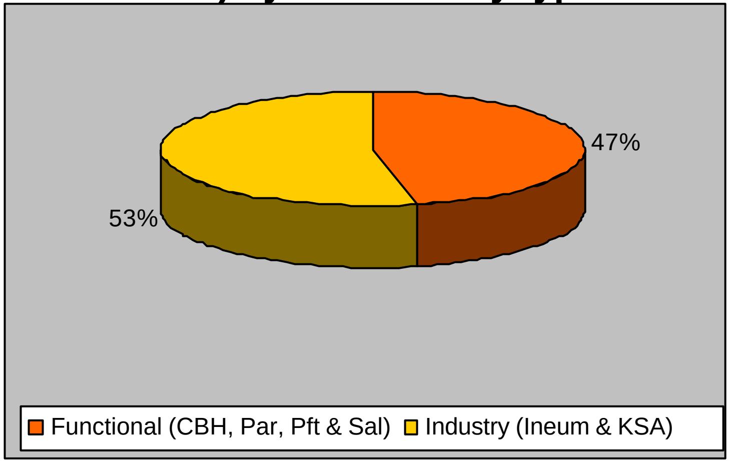
* Actual, per annual report
** 2007 analysts' forecast
*** Pro forma, 2007 analyst forecast plus KSA 2007 ytd annualised revenue

Further diversifies risk through wider offerings and geographies

Pro forma 2006 revenue (with full year Ineum) by consultancy type



Pro forma 2006 revenue (including KSA) by consultancy type



Reduces risk through the Health Care practice which is not aligned to the macro economic cycle

Health Care Services revenues in $m