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**MCKINSEY & COMPANY, INC. UNITED KINGDOM**  
**Financial Statements for the year ended December 31, 2010**

**Company number FCO12665**

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To the Directors of McKinsey & Company, Inc United Kingdom

You have instructed us to review the financial statements of McKinsey & Company, Inc United Kingdom for the year ended 31st December 2010 in the context of the UK GAAP. You have not instructed us to conduct an audit and accordingly we are not giving an audit opinion on the financial statements. The financial statements have been compiled from the accounting records and information and explanations supplied. These financial statements comprising the profit and loss account, balance sheet and related notes 1 to 6 have been prepared under the accounting policies set out therein, in a manner consistent with UK GAAP.

A handwritten signature in black ink, appearing to read 'Gallagher', is positioned above the firm's name.

The Gallagher Partnership LLP  
Chartered Accountants  
2nd Floor, Titchfield House  
69/85 Tabernacle Street  
London EC2A 4RR

27 September 2011

McKinsey & Company, Inc United Kingdom  
Balance Sheet as at 31st December 2010

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Fixed Assets	1 & 2	7,583,780	14,745,106
Current Assets			
Accrued Income	1	15,426,330	18,388,117
Debtors	3	100,498,997	75,553,359
Cash		14,508,875	9,107,663
		<u>130,434,202</u>	<u>103,049,139</u>
Current Liabilities	4	(104,793,782)	85,557,776
Net Current Assets		<u>25,640,420</u>	<u>17,491,363</u>
Non-Current Deferred Tax Asset	1	428,658	1,172,516
		<u>33,652,858</u>	<u>33,408,985</u>
Share Capital		100	100
Capital Contribution		40,449,433	40,449,433
Capital Reserve		4,390,487	4,390,487
Retained Earnings	5	(11,187,162)	(11,431,035)
		<u>33,652,858</u>	<u>33,408,985</u>

The accompanying notes are an integral part of this balance sheet

Approved by McKinsey & Company, Inc United Kingdom  
and signed on their behalf by



Alex Geddes  
Director - Finance and Administration  
Date 27 September 2011

Co No FCO 12665

McKinsey & Company, Inc United Kingdom  
Profit and Loss account for the year ended 31st December 2010

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Revenues	1	249,772,515	229,363,275
Personnel Costs		<u>(174,891,565)</u>	<u>(141,412,723)</u>
Gross Profit		74,880,950	87,950,553
Administrative Expenses	1	(70,131,075)	(64,333,019)
Other Income / (Expenses)		(84,329)	281,604
Net Profit Before Tax		<u>4,665,546</u>	<u>23,899,137</u>
Taxation			
Current Tax	1	(3,677,815)	-
Deferred Tax	1	(743,858)	(7,028,145)
Net Profit After Tax		<u><u>243,873</u></u>	<u><u>16,870,992</u></u>

The accompanying notes are an integral part of this profit and loss account

Approved by McKinsey & Company, Inc United Kingdom  
and signed on their behalf by



Alex Geddes  
Director - Finance and Administration  
Date : 27 September 2011

McKinsey & Company, Inc United Kingdom  
Notes to the financial statements  
for the year ended 31st December 2010

1 ACCOUNTING POLICIES

1.1 The financial statements for McKinsey & Company, Inc United Kingdom ('McKinsey UK') have been prepared under the historical cost convention and in conformity with accounting principles generally accepted in United Kingdom. The entity is not required legally or otherwise to present financial statements that give a true and fair view.

1.2 Fixed assets and depreciation -

Fixed assets are recorded at historical cost less accumulated depreciation. Depreciation is provided on the following basis:

- Motor vehicles are depreciated over a period of 3 years on straight line basis
- Leasehold improvements are amortised over the remaining term of the lease
- Furniture and equipment is depreciated on straight line basis over 3 to 10 years

1.3 Corporation tax -

Corporation tax is provided on taxable profits at the prevailing rate.

1.4 Deferred tax -

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations of periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.5 Accrued Income -

Accrued income values contracts in progress at the year end including the relevant profit element. Any amounts received on account from clients for which services have not been rendered are included in creditors in accordance with guidelines on revenue recognition.

1.6 Pension -

McKinsey UK operates pension schemes for its employees. The amount charged to the profit and loss account represents the amount payable for the year.

1.7 Revenues -

Revenues are recognised as services are rendered. The impact of revisions to engagement revenues are recognised in the period in which those changes become known.

1 8 Currency exchange -

Pounds Sterling is the functional currency for McKinsey UK. All assets and liabilities denominated in foreign currency are translated at year-end exchange rates, other than fixed assets that are translated at the applicable historical rates. Revenues and expenses are translated at current monthly exchange rates, except for depreciation / amortization of Fixed assets that are recorded at historical rates.

1 9 Comparative figures have been adjusted to conform with changes in presentation in the current year, where necessary.

2 FIXED ASSETS

	<u>Leasehold Improvements</u>	<u>Furniture &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
Cost -				
Cost brought forward	24,556,574	13,399,432	75,731	38,031,737
Additions	128,484	514,506	-	642,990
Disposals / Adjustments	(13,321,953)	(359,840)	-	(13,681,793)
Cost carried forward	11,363,105	13,554,098	75,731	24,992,934
Depreciation -				
Depreciation brought forward	11,886,066	11,374,925	25,640	23,286,631
Charge for the year	1,110,014	764,219	12,816	1,887,049
Disposals / Adjustments	(7,712,225)	(52,301)	-	(7,764,526)
Depreciation carried forward	5,283,855	12,086,843	38,456	17,409,154
Net book value -				
As at 31 December 2010	6,079,250	1,467,255	37,275	7,583,780
As at 31 December 2009	12,670,508	2,024,507	50,091	14,745,106

In June 2010, McKinsey UK assigned its leased premises at Kensington Church Street. As a result, the net book value of the leasehold improvements relating to the premises of £ 5.1m was written-off in July 2010.

	<u>2010</u>	<u>2009</u>
	£	£
3 DEBTORS		
Trade debtors	66,482,216	71,602,795
Prepayments	2,511,747	3,341,358
Intercompany balance	31,419,406	-
Other receivables	85,628	609,206
	<u>100,498,997</u>	<u>75,553,359</u>
4 CURRENT LIABILITIES		
Trade creditors	5,423,242	2,771,623
Other creditors	26,266,913	18,243,160
Accruals	31,377,100	27,611,280
Intercompany balance	-	13,193,401
Advance payments from clients	38,048,712	23,738,312
Corporate taxes payable	3,677,815	-
	<u>104,793,782</u>	<u>85,557,776</u>
5 RETAINED EARNINGS		
Loss brought forward from previous year	11,431,035	28,302,027
Profit for the year	(243,873)	(16,870,992)
Balance carried forward	<u>11,187,162</u>	<u>11,431,035</u>

#### 6 Employee Stock Option Plan

McKinsey and Company, Inc , ("the Firm") which is the parent company of McKinsey UK provides a share-based payment plan (the "Plan"), to the eligible employees of McKinsey UK. Option awards are generally granted with an exercise price equal to the book value of the Firm's common stock at the date of grant. Options can be exercised after the third anniversary of the grant and expire 30 days if not exercised.

The expense related to these options is reflected as a component of personnel costs in the profit and loss account. The related expense is measured as the difference between the exercise price and the book value per share as of the exercise date. The expense recognized in the financial statements for the year ended 31 December 2010 is £ 362,956 (2009 1,265,594).