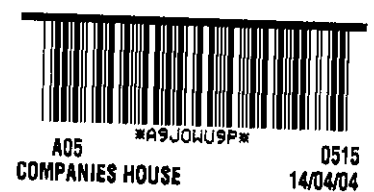


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McKINSEY & COMPANY, INC. UNITED KINGDOM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2002



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 2002 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.

Gallagher

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

London
18th December 2003

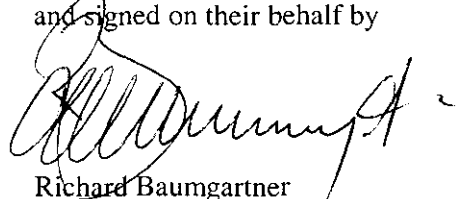
McKINSEY & COMPANY, INC. UNITED KINGDOM

BALANCE SHEET AS AT 31ST DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Fixed Assets	1 & 2	21,709,540	22,855,440
Current Assets			
Work-in-progress	1	973,486	2,666,321
Debtors	3	28,807,183	25,870,042
Cash		<u>6,029,980</u>	<u>4,183,912</u>
		35,810,649	32,720,275
Creditors: Amounts falling due within one year	4	49,815,650	46,447,492
Net Current Liabilities		(14,005,001)	(13,727,217)
		<u>7,704,539</u>	<u>9,128,223</u>
Share Capital		100	100
Capital Contribution		16,718,336	-
Capital Reserve		4,390,487	4,390,487
Retained Earnings		(13,404,384)	4,737,636
		<u>7,704,539</u>	<u>9,128,223</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



Richard Baumgartner
18th December 2003

McKINSEY & COMPANY, INC. UNITED KINGDOM

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Revenues	1	149,130,701	209,643,565
Personnel Costs		99,164,652	114,022,324
Gross Profit		<u>49,966,049</u>	<u>95,621,241</u>
Administrative Expenses	1, 2 & 5	68,365,213	95,155,459
Other Income		257,144	255,590
Net (Loss)/Profit Before Tax		<u>(18,142,020)</u>	<u>721,372</u>
Taxation	1	-	(73,788)
Net (Loss)/Profit After Tax		<u>(18,142,020)</u>	<u>647,584</u>

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

McKINSEY & COMPANY, INC. UNITED KINGDOM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2002

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 the 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 on the same basis as the capital allowances available for them.
- Leasehold improvements are amortised over the remaining term of the lease.
- Furniture and equipment is depreciated on reducing balance basis over 3 to 10 years.

1.3 Corporation tax -

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

1.4 Work-in-progress -

Work in progress is stated at the lower of cost and net realisable value.

1.5 Pension -

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

1.6 Revenues -

Revenues include all amounts billable to clients. 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.

McKINSEY & COMPANY, INC. UNITED KINGDOM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2002

1.7 Management services -

Management services represent the costs associated with the Firm Office of McKinsey & Company that are charged to the local offices based on the consultant headcount. The Firm Office is dedicated to providing central support services to the various local offices of McKinsey worldwide.

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 leasehold improvements and equipment that are translated at the applicable historical rates. Revenues and expenses are translated at current monthly exchange rates, except for depreciation of equipment and amortisation of leasehold improvements that are translated at historical rates. Translation gains and losses are included in the profit and loss account.

2. FIXED ASSETS

	<u>Leasehold Improvements</u>	<u>Furniture and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
Cost -				
Cost brought forward	23,215,612	24,771,411	2,781,345	50,768,368
Additions	59,779	515,430	135,116	710,325
Disposals	<u>(2,399,557)</u>	<u>(16,299,026)</u>	<u>(2,332,927)</u>	<u>(21,031,510)</u>
Cost carried forward	<u>20,875,834</u>	<u>8,987,815</u>	<u>583,534</u>	<u>30,447,183</u>
Depreciation -				
Depreciation brought forward	5,781,814	20,040,407	2,090,707	27,912,928
Charge for the year	1,140,862	1,373,240	83,842	2,597,944
Eliminated in respect of disposals	<u>(2,399,557)</u>	<u>(17,457,582)</u>	<u>(1,916,090)</u>	<u>(21,773,229)</u>
Depreciation carried forward	<u>4,523,119</u>	<u>3,956,065</u>	<u>258,459</u>	<u>8,737,643</u>
Net book value -				
As at 31 st December 2002	16,352,715	5,031,750	325,075	21,709,540
As at 31 st December 2001	17,433,798	4,731,006	690,638	22,855,440

McKINSEY & COMPANY, INC. UNITED KINGDOM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2002

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
3. DEBTORS		
Trade debtors	17,903,359	22,597,301
Other debtors	6,453,427	655,607
Prepayments	<u>4,450,397</u>	<u>2,617,134</u>
	<u>28,807,183</u>	<u>25,870,042</u>
4. CURRENT LIABILITIES		
Trade creditors	2,483,067	2,444,954
Other creditors	-	286,132
Taxes	5,623,081	422,697
Intercompany balance	11,662,977	18,556,949
Accruals	<u>30,046,525</u>	<u>24,736,760</u>
	<u>49,815,650</u>	<u>46,447,492</u>
5. DETAILED TRADING ACCOUNT - ADMINISTRATIVE EXPENSES		
Rent and occupancy	19,112,038	22,641,594
Other personnel costs	1,866,155	4,043,347
Depreciation	2,597,944	2,619,329
(Profit)/loss on disposal of assets	(1,079,679)	14,401
Travel and entertaining	6,052,724	10,012,441
Inter office management services	13,642,619	16,308,817
Practice research	9,588,701	17,131,126
Interest and other finance charges	4,206,875	2,728,507
Legal and professional expenses	3,019,809	6,725,974
Other office expenses	<u>9,358,027</u>	<u>12,929,923</u>
	<u>68,365,213</u>	<u>95,155,459</u>

6. PRIOR YEAR COMPARATIVES

The prior year amounts have been regrouped and reclassified, wherever necessary, to conform to current year's presentation.