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If you have sold or otherwise transferred all of your Expansys Shares please send this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document and the accompanying documents should not be forwarded or transmitted in or into or from the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

WH Ireland, which, in the United Kingdom, is authorised and regulated by the Financial Conduct Authority, is acting exclusively for PDJ Bidco and no one else in connection with the Offer and will not be responsible to anyone other than PDJ Bidco for providing the protections afforded to clients of WH Ireland nor for providing advice in relation to the Offer or any other matter or arrangement referred to in this document.

N+1 Singer, which, in the United Kingdom, is authorised and regulated by the Financial Conduct Authority, is acting exclusively for Expansys and no one else in connection with the Offer and will not be responsible to anyone other than Expansys for providing the protections afforded to clients of N+1 Singer nor for providing advice in relation to the Offer or any other matter or arrangement referred to in this document.

If you are a CREST sponsored member, you should refer to your CREST sponsor, as only your CREST sponsor will be able to send the necessary TTE Instructions to Euroclear.

Recommended Offer

by

PDJ Bidco Limited

for

Expansys plc

Your attention is drawn to the letter from the Chairman of Expansys which is set out in Part I of this document and which contains, *inter alia*, the unanimous recommendation of the Independent Expansys Directors to accept the Offer.

To accept the Offer in respect of certificated Expansys Shares, the Form of Acceptance must be completed, signed, witnessed (in the case of an individual) and returned together with your definitive share certificate(s) and/or other document(s) of title as soon as possible and, in any event, so as to be received by post or (during normal business hours only) by hand by Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, by no later than 3.00 p.m. on 5 March 2014. A reply-paid envelope for use within the UK accompanies this document for your convenience. The procedure for acceptance of the Offer in respect of certificated Expansys Shares is set out in paragraph 12(a) of Part II of this document and in the accompanying Form of Acceptance.

To accept the Offer in respect of uncertificated Expansys Shares, acceptances should be made electronically through CREST so that the TTE Instruction settles not later than 3.00 p.m. on 5 March 2014. The procedure for acceptance of the Offer in respect of uncertificated Expansys Shares is set out in paragraph 12(b) of Part II of this document.

Unless otherwise determined by PDJ Bidco and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange, of a

Restricted Jurisdiction (including the United States, Canada, Australia or Japan) and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance (in respect of certificated Expansys Shares) and any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer.

All persons (including, without limitation, nominees, trustees and custodians) who would, or otherwise intend to, forward this document, the Form of Acceptance (in respect of certificated Expansys Shares) and any related documents to any jurisdiction outside of the United Kingdom should read the further details in this regard which are contained in paragraph 6 of Part B of Appendix 1, paragraph (c) of Part C of Appendix 1 and paragraph (c) of Part D of Appendix 1 to this document before taking any action.

The availability of the Offer to Expansys Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Expansys Shareholders who are not so resident should inform themselves of, and observe, any applicable requirements.

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TO ACCEPT THE OFFER

- (a) If you hold Expansys Shares in certificated form, you should:
- (i) complete, sign and have witnessed (in the case of an individual) the Form of Acceptance in accordance with paragraph 12(a) of the letter from PDJ Bidco set out in Part II of this document; and
 - (ii) return the completed Form of Acceptance (along with any appropriate share certificate(s) and/or other document(s) of title) using the accompanying reply-paid envelope (for use within the UK only) as soon as possible and, in any event, by 3.00 p.m. on 5 March 2014.
- (b) If you hold Expansys Shares in uncertificated form, you should follow the procedures set out in paragraph 12(b) of the letter from PDJ Bidco set out in Part II of this document and send a TTE Instruction to settle prior to 3.00 p.m. on 5 March 2014.

If you have any questions about the Offer, or are in any doubt as to how to complete the accompanying Form of Acceptance or make an Electronic Acceptance, please call Neville Registrars on telephone number 0121 585 1131 on Monday to Friday (other than UK public holidays). This helpline is available from 9.00 a.m. to 5.00 p.m.

For legal reasons, the helpline will not be able to provide advice on the merits of the Offer or to provide financial, legal or tax advice.

Copies of this document (and any information incorporated into it by reference to another source) sent to persons in electronic form or by means of being published on Mr. Jones' and/or Expansys's websites and all future documents, announcements and information required to be sent to persons in relation to the Offer may be requested to be received by such persons in hard copy form by writing to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or by calling Neville Registrars on telephone number 0121 585 1131 on Monday to Friday (other than UK public holidays). A hard copy of this document will not otherwise be sent unless so requested.

Calls to Neville Registrars' 0121 585 1131 number are charged at your network provider's standard rate. Calls to Neville Registrars' 0121 585 1131 number from outside of the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

THE FIRST CLOSING DATE OF THE OFFER IS 3.00 P.M. ON 5 MARCH 2014

DISCLOSURE REQUIREMENTS OF THE CODE

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange

offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This document, including certain information included by reference, contains certain forward looking statements with respect to the financial condition, results of operations and business of PDJ Bidco and Expansys or the Expansys Group and certain plans and objectives of the PDJ Bidco Board and the Expansys Board. These forward looking statements can be identified by the fact that they do not relate to historical or current facts. Forward looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the PDJ Bidco Board and the Expansys Board in the light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward looking statements involve risk and uncertainty and the factors described in the context of such forward looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Except as required by the FCA, the London Stock Exchange, the AIM Rules or any other applicable law, PDJ Bidco and Expansys assume no obligation to update or correct the information contained in this document.

NO PROFIT FORECASTS OR ESTIMATES

No statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Expansys for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Expansys.

ELECTRONIC COMMUNICATIONS

Expansys Shareholders should note that addresses, electronic addresses and certain other information provided by them, persons with information rights and other relevant persons for the receipt of communications from Expansys may be provided to PDJ Bidco during the Offer Period as required under section 4 of appendix 4 to the Code to comply with Rule 2.12I of the Code.

PUBLICATION ON WEBSITES AND AVAILABILITY OF HARD COPIES

In accordance with Rule 30.4 of the Code, a copy of this document, the information incorporated by reference in this document, and the Form of Acceptance will be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on the websites of Mr. Jones and Expansys at www.peterjones.com and www.expansys.plc.uk respectively in each case until the end of the Offer Period.

For the avoidance of doubt, the content of the websites referred to above is not incorporated into and does not form part of this document.

Copies of this document, the information incorporated by reference in this document, and all future documents, announcements and information required to be sent to persons in relation to the Offer may be requested to be received by such persons in hard copy form by writing to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or by calling Neville Registrars on telephone number 0121 585 1131 between 9.00 a.m. and 5.00 p.m., Monday to Friday (excluding public holidays).

PART I

LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF EXPANSYS PLC

(Registered in England and Wales under number: 03593277)

Independent Directors:

Robert Charles Michael Wigley (*Non-executive Chairman*)
Anthony James Christopher Catterson (*Chief Executive Officer*)
Christopher John Rathmell Ogle (*Finance Director*)
Graham Derek Dawber (*Non-executive Director*)
Brian Joseph Collie (*Non-executive Director*)

Registered Office:

Network House
Globe Park
Marlow
Buckinghamshire
SL7 1EY

Other Directors:

Peter David Jones CBE (*Non-executive Deputy Chairman*)
Stephen Mark Vincent (*Non-executive Director*)

12 February 2014

To: Expansys Shareholders and, for information only, to persons with information rights and Expansys Share Incentive Scheme Participants

Dear Expansys Shareholder,

Recommended Cash Offer for Expansys plc by PDJ Bidco Limited

1. Introduction

The purpose of this letter is to explain the background to the Offer and the reasons why the Independent Expansys Directors, having been so advised by N+1 Singer and with due consideration of numerous factors as highlighted below, unanimously consider that the Offer is at a value which is appropriate to recommend. This letter also confirms that the Independent Expansys Directors have unanimously recommended that Expansys Shareholders accept the Offer, as they have all irrevocably undertaken so to do in respect of their own beneficial interests in Expansys Shares comprising, in aggregate, 21,270,795 Expansys Shares, representing approximately 1.83 per cent. of the existing issued share capital of Expansys.

Both Mr. Jones and Mr. Vincent are non-executive directors of Expansys but are not included in the Independent Expansys Directors, as they are not considered to be independent directors for the purpose of recommending the Offer by virtue of being in concert with the Offeror, PDJ Bidco Limited.

On 15 January 2014, Peter Jones CBE announced that he had acquired 110,250,320 Expansys Shares from a large institutional shareholder at a price of 0.525 pence per Share representing approximately 9.49 per cent. of the issued share capital of Expansys.

The Acquisition increased Mr. Jones' interest in Expansys from 481,374,917 Expansys Shares (representing approximately 41.43 per cent.) to 591,625,237 Expansys Shares (representing approximately 50.92 per cent. of the issued share capital of Expansys). Following the Acquisition, the combined holding of PDJ Bidco, Mr. Jones, Stephen Vincent and certain family members of Mr. Jones (who are deemed by the Panel to be acting in concert with Mr. Jones and PDJ Bidco) is 617,663,764 Shares (representing approximately 53.16 per cent. of the issued share capital of Expansys).

Rule 9 of the Code requires that where a shareholder has an interest of not less than 30 per cent. and not more than 50 per cent. of a company's voting share capital, and he acquires an interest in any further shares he is required to make a mandatory cash offer for the entire issued share capital not already owned by him.

In accordance with Rule 9, on 15 January 2014, Mr. Jones announced that he would be making an offer for all of the Shares of Expansys which he did not already own, at a price of 0.525 pence in cash per Share.

Subsequent to the Original Offer Announcement, on 11 February 2014 Mr. Jones transferred all of the Expansys Shares he held in his own name to PDJ Bidco, a limited liability company wholly owned by Mr. Jones and established specifically for the purpose of making the Offer. The transfer took place at 0.525 pence per Share, and the Panel confirmed that this transfer had no effect on the minimum mandatory price at which Mr. Jones would be obliged to make his offer.

The PDJ Bidco Directors and the Independent Expansys Directors are now pleased to announce an increase in the offer price per share to 0.62 pence per Expansys Share, which represents an increase of approximately 18 per cent. above the minimum mandatory price of 0.525 pence per Expansys Share and a premium of 33 per cent. to the mid-market closing price of 0.465 pence per Expansys Share as at the close of business on 14 January 2014 (being the last business day before the acquisition of Expansys Shares triggering the Original Offer Announcement).

The Independent Expansys Directors, having been so advised by N+1 Singer and with due consideration of numerous factors as highlighted below, have unanimously considered that the Offer is at a value which is appropriate to recommend.

Accordingly, the Independent Expansys Directors recommend unanimously the Offer for acceptance by Expansys Shareholders as they have irrevocably undertaken so to do in respect of their own beneficial interests in Expansys Shares comprising, in aggregate, 21,270,795 Expansys Shares, representing approximately 1.83 per cent. of the existing issued share capital of Expansys. In providing advice to the Independent Expansys Directors, N+1 Singer has taken into account the commercial assessments of the Independent Expansys Directors.

In accordance with Rule 9 of the Code The Offer will be unconditional (as PDJ Bidco already owns over 50 per cent. of the issued share capital of Expansys) and subject to the further terms as set out in Appendix 1 to this document and, in the case of Shares held in certificated form, the Form of Acceptance.

The formal Offer, together with details of the procedure for acceptance, is contained in the letter from PDJ Bidco, which is set out in Part II of this document. The letter from PDJ Bidco also contains information on PDJ Bidco, Mr. Jones and Mr. Vincent.

2. **The Offer**

In accordance with Rule 9 of the Code, the Offer is unconditional and subject to the further terms set out in Appendix 1 of this Offer Document and (for Shareholders who hold their Shares in certificated form) the Form of Acceptance. The Offer is being made for all of the issued and to be issued ordinary share capital of Expansys, save for those Shares already owned by PDJ Bidco and Mr. Jones, on the following basis:

for each Expansys Share – 0.62 pence in cash

The Offer values the whole of the issued share capital of Expansys at approximately £7.2 million.

The Offer price represents a premium of approximately:

- 33 per cent. to the closing mid-market price of 0.465 pence for each Expansys Share as at the close of business on 14 January 2014 (being the last trading day before the acquisition of Expansys Shares triggering the Original Offer Announcement);
- 16 per cent. to the average closing price of 0.534 pence between 8 January 2014, when Expansys reported its interim results, and 14 January 2014;
- 14 per cent. to the average closing price of 0.542 pence between 30 July 2013, when Expansys reported its results for the financial year ended 30 April 2013, and 14 January 2014; and
- 23 per cent. to the average closing price of 0.503 pence between 21 March 2013, when Expansys gave a second half trading update in respect of expected results for the April 2013 financial year, and 14 January 2014.

Shareholders should carefully read this document (together with, if they hold their Shares in certificated form, the Form of Acceptance) in its entirety before making a decision with respect to the Offer.

3. Information relating to Expansys

Expansys is an AIM quoted company with a market capitalisation of approximately £5.4 million based on its mid-market closing price on 14 January 2014 or £7.2 million at the Offer Price.

Expansys Group consists of three business divisions, operating in the e-commerce, consumer technology and wireless telecommunications sectors globally.

The Group includes Expansys.com, a global online consumer electronics retailer operating directly in 51 countries (and indirectly in 200+ countries) with a global footprint, infrastructure and experience in global consumer technology e-commerce.

The Expansys.com team also builds and operates international websites and provides fulfilment and customer service functions on behalf of a growing number of technology and wireless brands.

The Group also includes PJ Media, which develops and operates multi-channel services and solutions for mobile networks and virtual mobile networks worldwide, and DSNS, a leading UK network SIM distribution and solutions provider and now established as a national SIM solution provider in the USA.

On 8 January 2014, Expansys announced its interim results for the six months ended 31 October 2013 in which it reported a loss before tax of £2.4m on turnover of £60.2m and an adjusted profit before tax of £0.3 million. For the comparative period ended 30 October 2012, the Group reported a loss before tax of £2.1 million on turnover of £45.6 million and an adjusted profit before tax of £0.4 million. Adjusted profits are stated as profits before tax and before exceptional items, share-based payments and other non-cash items.

4. Current trading and future prospects

As stated in the interim results for the six months to 31 October 2013, released on 8 January 2014, trading during November and December was in line with expectations. The Independent Expansys Directors were conscious, however, that the Group continues to face significant competitive pressures and in light of continuing trading uncertainties and its recent track record it is not realistic to make any definitive assumptions about longer term performance.

5. Information on PDJ Bidco, Mr. Jones and Mr. Vincent

PDJ Bidco is a private limited company incorporated in England and Wales on 5 February 2014 specifically for the purpose of making the Offer. As described in paragraph 1 above, Mr. Jones transferred all of the Expansys Shares he held in his own name to PDJ Bidco on 11 February 2014 at 0.525 pence per Share, the Panel having confirmed that there were no Code consequences arising from the transfer as to the minimum mandatory price at which Mr. Jones or PDJ Bidco would be obliged to make an offer pursuant to Rule 9.

Since its incorporation, PDJ Bidco has not traded, other than to the extent necessary to finance and make the Offer. PDJ Bidco's sole shareholder is Mr. Jones.

Peter Jones CBE is an entrepreneur and investor, with investments in multiple companies (particularly in the technology and telecoms sectors). As well as steering and driving forward his investment business, Mr. Jones is involved in a number of additional educational and media activities. In 2005 he started his own charitable foundation which has gone on to become a leading Enterprise Academy network, helping thousands of young people realise their dreams. In 2009, Mr. Jones was made a CBE in the New Year's Honours for his work and contribution to business, enterprise and young people.

Mr. Vincent, who the Panel deems to be acting in concert with Mr. Jones, works closely with Mr. Jones across a range of different businesses.

6. Background to and reasons for the Offer

Overview

Mr. Jones has for some time owned 481,374,917 Expansys Shares, representing approximately 41.43 per cent. of the Expansys Shares currently in issue. Following the Acquisition, Mr. Jones now owns 591,625,237 Expansys Shares, representing approximately 50.92 per cent. of the Expansys Shares in issue. Following the Acquisition, the combined holding of Mr. Jones with Mr. Vincent is 617,408,997 Shares (representing approximately 53.14 per cent. of the issued share capital of Expansys).

Following the Acquisition, Mr. Jones is obligated under Rule 9 of the Code to make an offer for those Expansys Shares which he does not already own. As described above, the Offer will be made by PDJ Bidco, a company wholly owned by Mr. Jones, to which he has transferred his entire holding in Expansys. PDJ Bidco has received irrevocable commitments, described in paragraph 8 below, to acquire a further 21,270,795 Shares owned by the Independent Expansys Directors (representing approximately 1.83 per cent. of the issued share capital of Expansys).

Background

Mr. Jones' involvement in Expansys goes back to 2000. In that year, one of Mr. Jones' businesses in the telecommunications sector, Data Select, became a supplier to Expansys.

By 2008, Data Select was a key supplier to Expansys. As a result of this relationship, when Expansys needed to raise working capital in March 2008, Mr. Jones was approached to invest. Mr. Jones agreed to invest £403,539 in a placing of new Shares in Expansys, through The Virtual Phone Store Limited ("VPS"), a company ultimately controlled by Mr. Jones.

In 2008, VPS invested a further £655,637 to acquire further Shares from institutional shareholders that wanted to exit their positions. This acquisition resulted in VPS holding an aggregate shareholding of approximately 24.5 per cent. of the then issued share capital of Expansys.

In May 2009, after a difficult period of trading, the Group required urgent funding to enable it to pay its creditors. VPS agreed to provide this funding, investing a further £2 million, again by way of a placing of new Shares. This acquisition resulted in an aggregate 81 per cent. shareholding of the then issued share capital. Mr. Jones made this investment because, despite the mixed fortunes the Company had experienced since its flotation in 2007 and the issues it still faced, Mr. Jones continued to believe that, if the Group could resolve these legacy issues, it had good prospects as an AIM quoted business. Following completion of this placing, Mr. Vincent joined the Expansys Board as a non-executive director. Before this transaction took place, the Expansys shareholders at the time waived the requirement for Mr. Jones to make an offer for the remainder of the Expansys Shares pursuant to Rule 9 of the Code and approved the terms of the investment.

In January 2010 Mr. Jones acquired the shareholding of a founder director upon his exit from the Company for a total purchase price of £425,292.

In July 2010, following the appointment of new management, the Group raised new capital and acquired two profitable businesses controlled by Mr. Jones, Data Select Network Solutions and PJ Media, for a combination of cash and shares. Those acquisitions were approved by the then Independent Expansys Directors of Expansys, having taken advice from Cenkos Securities plc, and were approved by the shareholders of the Company at the time.

The strategy behind acquiring these businesses was to provide Expansys with strong network operator relationships and web development capability so as to enable a transition away from the previously loss making business model of being predominantly an online retailer of SIM-free devices. Mr. Jones received £12 million cash and approximately 365 million new Shares at a value of 5.6 pence per Share.

Mr. Jones did not sell any Expansys Shares at this point but as a result of the placing of new Shares with institutional investors at the same time as the acquisition, Mr. Jones' aggregate holding decreased to approximately 43.13 per cent. of the then issued share capital. Mr. Jones then joined the Expansys Board as a non-executive director and certain of his Expansys Shares were subsequently transferred to Mr. Vincent, reducing his holding to 41.43 per cent. of the issued share capital of Expansys.

Since the acquisition of these businesses, DSNS and PJ Media have delivered cumulative EBITDA (earnings before interest, tax, depreciation and amortisation) in excess of £12 million (from July 2010 to 31 October 2013). However, the performance of the Group as a whole since 2010 has not been as strong as expected and the Group has suffered from unanticipated market events.

The Group's overall performance has led to the Company's share price and market capitalisation falling by over 90 per cent. to 0.465 pence as at close of business on 14 January 2014, the last trading day before the acquisition of Expansys Shares triggering the Original Offer Announcement. This has obviously been a great disappointment to all Shareholders and in particular to Mr. Jones, as the largest Shareholder, and who had received the majority of his consideration for the two businesses in shares at a value of 5.6 pence per Share.

7. Reasons for revised Offer

The original offer of 0.525 pence per Expansys Share was required as an immediate consequence of the Acquisition of Expansys Shares by Mr. Jones on 15 January 2014, under Rule 9 of the Code.

Since the Original Offer Announcement, following discussions with the Independent Expansys Directors, Mr. Jones and PDJ Bidco have considered the current position and longer term potential for the Company further.

Although not obliged under the Code to offer any consideration above 0.525 pence per Expansys Share, PDJ Bidco is now committed to making a revised Offer at 0.62 pence per Expansys Share, which the Independent Expansys Directors intend to recommend unanimously as described in paragraph 3 above.

8. Recommendation and Irrevocable Undertakings

N+1 Singer is acting as independent financial adviser to Expansys on the Offer for the purposes of providing independent financial advice to the Independent Expansys Directors on the Offer under Rule 3.1 of the City Code.

Recommendation

The Independent Expansys Directors, having been so advised by N+1 Singer, and with due consideration of numerous factors as highlighted below, unanimously consider that the Offer is at a value which is appropriate to recommend.

Accordingly, the Independent Expansys Directors recommend unanimously the Offer for acceptance by Expansys Shareholders as they have irrevocably undertaken so to do in respect of their own beneficial interests in Expansys Shares comprising, in aggregate, 21,270,795 Expansys Shares, representing approximately 1.83 per cent. of the existing issued share capital of Expansys. In providing advice to the Independent Expansys Directors, N+1 Singer has taken into account the commercial assessments of the Independent Expansys Directors.

In reaching their decision to recommend the Offer for acceptance, the Independent Expansys Directors are mindful that there is no requirement under the Code for Mr. Jones (or PDJ Bidco) to make any offer above the mandatory minimum price of 0.525p, or to make any further offers in the future once the Offer has closed (as Mr. Jones and/or PDJ Bidco would have 'buying freedom' under the Code for as long as he owned in excess of 50 per cent. of the issued share capital of Expansys). The Independent Expansys Directors therefore recommend the Offer in order to obtain both the best available offer in the circumstances and a clear exit route at a known cash value (free of dealing costs) for Expansys Shareholders. The factors which the Independent Directors consider Shareholders should have regard to include the following:

As stated in the interim results for the six months to 31 October 2013, released on 8 January 2014, trading during November and December was in line with expectations. The Independent Expansys Directors are conscious, however, that the Group continues to face significant competitive pressures and in light of continuing trading uncertainties and its recent track record it is not realistic to make any definitive assumptions about longer term performance.

The Independent Expansys Directors find it relevant to emphasise that PDJ Bidco and members of its concert party already own 53.16 per cent. of the Expansys Shares in issue, which is increased to 54.99 per cent. of the issued share capital of Expansys when taking into account the Shares held by

the Independent Expansys Directors who have irrevocably undertaken to accept the Offer.

In addition:

- There are ongoing execution risks in the Expansys businesses and uncertainty associated with generating value from them. These risks may continue to affect the market price of Expansys Shares adversely should they manifest such that Expansys is not able to deliver against market expectations of performance;
- Expansys has disappointingly under-delivered against market expectations in recent years, as key elements of the business model have undergone substantial change;
- The Independent Expansys Directors believe that current delivery of improved year-on-year trading performance may not be sustainable and will remain, to a material degree in the short to medium term at least, dependent on a small number of larger contract opportunities, resulting in continuing uncertainty in the delivery of forecasts;
- The Independent Expansys Directors further believe that the perceived risk by the market of further under-delivery in the future has been a significant cause of the erosion in investor confidence and the value of Expansys Shares. In this context the Independent Expansys Directors believe that a return of investor confidence in Expansys would be unlikely unless and until there is sustained delivery of forecast performance over a prolonged period;
- The Independent Expansys Directors further believe that the ability of Expansys to attract and retain the long term support of Shareholders is further limited in the context of a register with a dominant controlling Shareholder and limited free float, and consider that the Expansys Share price continues to reflect these factors and that opportunities to restore further shareholder value materially above the Offer Price are likely to be limited, at least over the next few years;
- Against the potential uncertainty in the performance of the business and in the Expansys share price, the Offer provides Expansys Shareholders with immediate certainty of value and the opportunity to realise their holding in full, in cash, without incurring dealing costs and without facing the operational risks and uncertainties in executing either the Expansys business plan or the plans of PDJ Bidco;
- There is also a very low likelihood of any other superior offer(s) being made for the Company in the near term, given PDJ Bidco's shareholding in the Company and no higher offer has been received to date, despite publicity relating to the Original Offer Announcement;
- The Company also has limited access to funding to consummate other potential transactions and any substantive associated increase in working capital for an enlarged business, and any such transaction(s) would also be likely to require the support of PDJ Bidco in order to proceed and to be dilutive to existing Shareholders;
- Regardless of acceptance levels, Expansys Shareholders who do not accept the Offer will remain shareholders in a company with one majority owner and with likely lower liquidity in Expansys Shares in the future, with no reasonably foreseeable further exit opportunity;
- In the event that PDJ Bidco controls voting rights in respect of 75 per cent. or more of the share capital of Expansys, PDJ Bidco plans to cancel the admission of the Expansys Shares to trading on AIM, meaning that there will be no market for the Company's Shares and therefore Expansys Shareholders who do not accept the Offer would find it harder to sell their Shares;
- While PDJ Bidco has stated its intention to continue to operate the Group as a trading business from its current places of business and to safeguard the existing employment rights of Expansys employees, the PDJ Bidco Board has also stated its intentions, to make certain changes with regard to the future operation of the Expansys business and its funding, which may result in additional dilution to Expansys Shareholders who do not accept the Offer.

The Independent Expansys Directors refer Expansys Shareholders to the above mentioned factors which, in the view of the Independent Expansys Directors, may be of relevance when evaluating the

Offer from an individual perspective and deciding whether to accept it or not. Expansys Shareholders should also have regard to their personal circumstances, when considering whether to accept or not to accept the Offer, and should also read in this document in full.

Irrevocable undertakings

The Independent Expansys Directors who hold Expansys Shares have entered into irrevocable undertakings to accept, or procure the acceptance of, the Offer in respect of their beneficial interests in Expansys Shares amounting, in aggregate, to 21,270,795 Expansys Shares, representing 1.83 per cent. of the entire existing issued ordinary share capital of Expansys.

Further details of these irrevocable undertakings are set out in Appendix 3 to this document.

The aggregate of the existing holding of PDJ Bidco, Mr. Jones and the concert parties, together with the Shares which are subject to the irrevocable undertakings referred to above, represents 638,934,559 Expansys Shares or 54.99 per cent. of the entire issued share capital of Expansys.

9. Future strategy

The PDJ Bidco Board believes that significant steps need to be taken to create the opportunity for Expansys to reach its potential as an end-to-end solutions provider. Given the reduced investor confidence in Expansys and its inability to attract funding support, the PDJ Bidco Board does not believe its strategic objectives for Expansys can best be achieved whilst the Company remains quoted on AIM.

If PDJ Bidco, together with Mr. Jones and Mr. Vincent, were to obtain control of 75 per cent. or more of the Company's share capital, PDJ Bidco intends to take the necessary steps in alignment of the Group's overall strategy. These steps may include one or more of the following:

(a) Combination with Data Select

Mr. Jones ultimately controls another telecommunications service business, Data Select, a major mobile devices distributor and provider of fulfilment services to Expansys and other technology brands.

The Expansys Board (including Mr. Jones and Mr. Vincent) has considered for some time that the combination of Data Select and Expansys would be strategically beneficial for both businesses, as they have complementary operations and sales channels, and that this combination could over the medium to longer term generate increased revenue and profitability for the enlarged business. Unfortunately, Expansys has not been in a position from which it could raise the required funding to enable such a transaction to occur. Although an exact transaction structure is not currently defined, any combination of Expansys and Data Select would be likely to involve the issue of a significant number of new Expansys Shares to Mr. Jones as consideration for the sale of Data Select, which would significantly dilute any remaining holders of Expansys Shares.

(b) Introduction of additional working capital

The PDJ Bidco Board believes that, given poor results in recent years, the Company's resources together with those that it could reasonably expect to access are unlikely to fully support the Company's future operational needs.

The PDJ Bidco Board believes that the Company would benefit from the injection of a significant amount of working capital to allow the business to take advantage of current and potential opportunities across its various operations. Given the historic and recent poor trading performance of Expansys, the PDJ Bidco Board believes it is unlikely that any meaningful funding would be available on acceptable terms from the market.

As with the acquisition of Data Select, any new injection of working capital from the issue of new shares in Expansys is likely to dilute any remaining Expansys Shareholders.

Whether PDJ Bidco achieves control of 75 per cent of the Shares or not, PDJ Bidco will still carry out a review of the Groups' locations, management, employees and fixed assets following completion of the Offer, as referred to in Paragraph 8 below. The scope of this review may be impacted by the implementation of the above strategy.

10. **Management, employees and locations**

The Independent Expansys Directors note that, while PDJ Bidco's strategy for Expansys may involve a business combination with Data Select, the PDJ Bidco Board intends to carry out a review in order to ascertain the overall strategy of the Group.

The Independent Expansys Directors also observe that the PDJ Bidco Board may make some changes to the overall infrastructure of the Group following its review but until that review has been completed it does not currently have any plans to make changes to terms of employment except that in the event that Expansys cancels its admission to trading on AIM, it would no longer need to maintain a board of directors commensurate with that required for a quoted company.

The Independent Expansys Directors have given due consideration to PDJ Bidco's stated intentions for the management, employees and locations of Expansys when deciding to recommend acceptance of the Offer.

The Independent Expansys Directors acknowledge the requirements under Rule 25.9 of the City Code, that a separate opinion of the employee representatives on the effects of the Offer on employment be appended to this document, if such opinion is provided in good time prior to publication. As at the date of publication of this document, no such opinion has been provided. If, and to the extent that, Expansys is provided with such an opinion after the date of publication of this document, Expansys will publish that opinion on its website and make an announcement via a Regulatory Information Service in accordance with the requirements of Rule 25.9 of the City Code.

11. **Regulatory costs and constraints**

The PDJ Bidco Board believes that the significant costs, time and regulatory burden involved in maintaining a public quotation cannot be justified for a business of the Company's current profitability and financial position. The PDJ Bidco Board also believes that the scale and urgency of decisions facing an enlarged Group (assuming a combination with Data Select), coupled with the unpredictable nature of Expansys' revenue streams and its difficulty in forecasting future earnings, mean that the company is better suited to private ownership.

Accordingly, if PDJ Bidco obtains control over at least 75 per cent. of the Company's Shares, PDJ Bidco intends to procure that Expansys will apply for the cancellation of admission to trading of Expansys Shares on AIM (as referred to further in paragraph 13 below).

12. **Expansys Share Incentive Schemes**

The Offer will extend to any Expansys Shares which are issued or unconditionally allotted and fully paid (or credited as fully paid) while the Offer remains open for acceptance (or such earlier date as PDJ Bidco may, subject to the Code, and in accordance with the terms of the Offer, decide) including any such Shares unconditionally allotted or issued pursuant to the exercise of options under the Expansys Share Incentive Schemes.

Appropriate proposals will be made to Expansys Share Incentive Scheme Participants in due course.

13. **Compulsory acquisition, cancellation of trading and re-registration**

If PDJ Bidco receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the Expansys Shares to which the Offer relates (and 90 per cent. or more of the voting rights carried by Expansys Shares to which the Offer relates) PDJ Bidco intends to exercise its rights pursuant to the Provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily the remaining Expansys Shares in respect of which the Offer has not been accepted.

If PDJ Bidco has acquired or agreed to acquire a total of 75 per cent. of the voting rights attached to the Expansys Shares, PDJ Bidco intends to make or procure an application by Expansys for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules.

It is anticipated that any cancellation of admission to trading on AIM would take effect no earlier than 20 clear business days after PDJ Bidco has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the Expansys Shares. The cancellation would significantly reduce the liquidity and marketability of Expansys Shares not assented to the Offer at that time. Following such cancellation,

Expansys would be re-registered as a private company under the relevant provisions of the Companies Act 2006.

14. **Overseas Shareholders**

Overseas Shareholders should refer to paragraph 11 of the letter from PDJ Bidco contained in Part II of this document.

15. **Taxation**

Your attention is drawn to the section headed "United Kingdom Taxation" in paragraph 10 of the letter from PDJ Bidco contained in Part II of this document. Although this document contains certain tax related information, if you are in any doubt about your own tax position or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

16. **Action to be taken to accept the Offer**

Your attention is drawn to the letter from PDJ Bidco in Part II of this document, to the Appendices to this document and, if you hold Expansys Shares in certificated form, the accompanying Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 12 of the letter from PDJ Bidco set out in Part II of this document and, if you hold your Shares in certificated form, in the Form of Acceptance.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt as to the action you should take, you should seek your own independent financial advice.

If you wish to accept the Offer in respect of Expansys Shares held in certificated form, you should complete, sign and return the Form of Acceptance in accordance with the instructions printed on it and set out in paragraph 12 of the letter from PDJ Bidco in Part II of this document, together with any appropriate documents of title, so as to be received by post or by hand (only during normal Business hours) at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and in any event so as to be received by no later than 3.00 p.m. on 5 March 2014. A first class reply-paid envelope for use in the United Kingdom only is enclosed for your convenience.

If you wish to accept the Offer in respect of Expansys Shares held in uncertificated form (that is, shares held in CREST) your acceptance should be made electronically through CREST by following the procedure set out in paragraph 12 of the letter from PDJ Bidco in Part II of this document, so that the TTE instruction settles as soon as possible and, in any event, no later than 3.00 p.m. on 5 March 2014.

If you are in any doubt about the Offer and/or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or if not, from another appropriately authorised independent financial adviser.

17. **Issued share capital**

In accordance with Rule 2.10 of the Code, Expansys re-confirms that it has 1,161,918,942 Shares of 0.25 pence each in issue and admitted to trading on AIM. The ISIN reference for these securities is GB00B1VMMLL97.

18. **Disclosure on website**

Copies of the following documents will be published on Mr. Jones' website at www.peterjones.com and on Expansys' website at www.expansys.plc.uk by no later than 12 noon (London time) on the day following announcement of the posting of this document.

For the avoidance of doubt, the content of these websites is not incorporated into and does not form part of this document

- (a) the irrevocable undertakings referred to in paragraph 8 above and paragraph 5 of Appendix 3 below;
- (b) the documents relating to the financing of PDJ Bidco; and
- (c) the material contracts contained in paragraph 9 of Appendix 3 of this document
- (d) this document.

19. **General**

The Offer Document and Form of Acceptance (for Expansys Shares in certificated form) has been posted to Expansys Shareholders and, for information only, to participants in the Expansys Share Incentive Schemes and persons with information rights other than to anyone in a Restricted Jurisdiction. The Offer Document has also been made available to the employees of Expansys or their representatives.

20. **Further information**

Your attention is drawn to the letter from PDJ Bidco in Part II of this document, to the Appendices to this document and, if you hold Expansys Shares in certificated form, to the Form of Acceptance accompanying this document. The Appendices and the Form of Acceptance contain material information which may not be summarised elsewhere in this document.

Yours faithfully

for and on behalf of the Independent Directors of Expansys plc

Bob Wigley
Non-executive Chairman

Expansys plc

PART II
LETTER FROM PDJ BIDCO LIMITED

(Incorporated in England and Wales under the Companies Act 2006 with registered number 8877584)

Director:

Peter David Jones CBE (Chairman)

Registered Office:

Network House
Third Avenue
Globe House
Marlow
Buckinghamshire
SL7 1EY

12 February 2014

To all Expansys Shareholders and, for information only, to Expansys Share Incentive Plan Participants and persons with information rights

Dear Expansys Shareholder,

Recommended Offer by PDJ Bidco for Expansys

1. Introduction

On 15 January 2014, I announced that I had acquired 110,250,320 Expansys Shares at a price of 0.525 pence per Share representing approximately 9.49 per cent. of the issued share capital of Expansys. This increased my interest from 481,374,917 Expansys Shares (representing approximately 41.43 per cent.) to 591,625,237 Expansys Shares (representing approximately 50.92 per cent. of the issued share capital of Expansys).

Rule 9 of the Code requires that where a shareholder has an interest of not less than 30 per cent. and not more than 50 per cent. of a company's voting share capital, if he acquires an interest in any further shares he is required to make a mandatory cash offer for the entire issued share capital not already owned by him.

In accordance with Rule 9, on 15 January 2014, I announced that I would be making an Offer for all of the Shares of Expansys I did not already own, at a price of 0.525 pence in cash per Share. Subsequent to the Original Offer Announcement, on 11 February 2014 I transferred all of my interests in Expansys Shares to PDJ Bidco, a special purpose limited liability company wholly owned by me and established for the sole purpose of making the Offer. The transfer took place at 0.525 pence per Share and the Panel confirmed that there were no consequences from a Code perspective on the minimum mandatory price at which I would be obliged to make my offer pursuant to Rule 9.

The Panel considers that Stephen Vincent (who works closely with me across a number of different businesses) is acting in concert with me and PDJ Bidco (which is a company wholly owned by me and which is making the Offer). Mr. Vincent holds or holds an interest in 25,783,760 Expansys Shares.

In addition, certain of my family members are deemed by the Panel to be acting in concert with me and PDJ Bidco in respect of a further 254,767 Expansys Shares. Following the Acquisition, the

combined holding of Bidco, myself and the members of the concert party is 617,663,764 Shares (representing approximately 53.16 per cent. of the issued share capital of Expansys).

On 12 February 2014, PDJ Bidco and the Independent Expansys Directors of Expansys announced an increase in the offer price to 0.62 pence per Expansys Share, which represents a 33 per cent. premium to the closing mid-market price of 0.465 pence per Expansys Share on 14 January 2014 (being the last business day before the acquisition of Expansys Shares triggering the Original Offer Announcement) and an increase of approximately 18 per cent. above the minimum mandatory price of 0.525 pence per Expansys Share. As set out in the letter from the Chairman of Expansys in Part I of this document, this Offer has been unanimously recommended by the Independent Expansys Directors.

Both Mr. Vincent and I are non-executive directors of Expansys but are not included in the Independent Expansys Directors who have unanimously recommended the Offer.

This document and the accompanying Form of Acceptance (in respect of certificated Expansys Shares) contain the terms and conditions of the Offer. This letter also contains summary information on PDJ Bidco and Expansys.

Your attention is drawn to the letter from the Chairman of Expansys set out in Part I of this document, which explains why the Independent Expansys Directors, who have been advised by N+1 Singer, are unanimously recommending all Expansys Shareholders to accept the Offer.

2. The Offer

The Offer is unconditional and is subject to the further terms set out in Appendix 1 of this Offer Document and (for Shareholders who hold their Shares in certificated form) the Form of Acceptance. The Offer will be made for all of the issued and to be issued ordinary share capital of Expansys, save for those Shares already owned by PDJ Bidco and me on the following basis:

for each Expansys Share – 0.62 pence in cash

The Offer values the entire issued share capital of Expansys at approximately £7.2 million.

The Offer Price represents a premium of approximately:

- 33 per cent. to the closing mid-market price of 0.465 pence for each Expansys Share as at the close of business on 14 January 2014 (being the last trading day before the acquisition of Expansys Shares triggering the Original Offer Announcement);
- 16 per cent. to the average closing price of 0.534 pence between 8 January 2014, when Expansys reported its interim results, and 14 January 2014;
- 14 per cent. to the average closing price of 0.542 pence between 30 July 2013, when Expansys reported its results for the financial year ended 30 April 2013, and 14 January 2014; and
- 23 per cent. to the average closing price of 0.503 pence between 21 March 2013, when Expansys gave a second half trading update in respect of expected results for the April 2013 financial year, and 14 January 2014.

Forms of Acceptance (in respect of certificated Expansys Shares) in relation to the Offer should be received as soon as possible but in any event by not later than 3.00 p.m. on 5 March 2014. Electronic Acceptances (in respect of uncertificated Expansys Shares) through CREST should be received as soon as possible but in any event should be made so that the TTE Instruction settles by no later than 3.00 p.m. on 5 March 2014. The procedure for acceptance of the Offer is set out in paragraph 12 of this letter and in Parts C and D of Appendix 1 to this document.

Details of the further terms and conditions of the Offer are set out below and in Appendix 1 to this document.

3. Further details of the Offer

The Expansys Shares to be acquired by PDJ Bidco pursuant to the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including the right to receive and retain all dividends and other distributions (if any) declared, paid or made on or after 14 January 2014.

4. Irrevocable undertakings

The Independent Expansys Directors who hold Expansys Shares have entered into irrevocable undertakings to accept, or procure the acceptance of, the Offer in respect of their beneficial interests in Expansys Shares amounting, in aggregate, to 21,270,795 Expansys Shares, representing 1.83 per cent. of the entire existing issued ordinary share capital of Expansys.

Further details of these irrevocable undertakings are set out in paragraph 5 of Appendix 4 to this document.

The aggregate of the existing holding of PDJ Bidco, me and the concert parties, together with the shares which are subject to the irrevocable undertakings referred to above, represents 54.99 per cent. of the entire issued share capital of Expansys.

5. Information on PDJ Bidco, Mr. Jones and Mr. Vincent

PDJ Bidco is a private limited company incorporated in England and Wales on 5 February 2014 specifically for the purpose of making the Offer. As described in paragraph 1 above, on 11 February 2014, I transferred all of my Expansys Shares to PDJ Bidco at 0.525 pence per Expansys Share. The Panel confirmed that there were no Code consequences arising from the transfer as to the minimum mandatory price at which PDJ Bidco or I would be obliged to make an offer pursuant to Rule 9.

Other than this transfer, since its incorporation, PDJ Bidco has not traded, other than to the extent necessary to finance and make the Offer. I am PDJ Bidco's sole shareholder.

I am an entrepreneur and investor, with investments in multiple companies (particularly in the technology and telecoms sectors). As well as steering and driving forward my investment business, I am involved in a number of additional educational and media activities. In 2005 I started my own charitable foundation which has gone on to become a leading Enterprise Academy network, helping thousands of young people realise their dreams. In 2009, I was made a CBE in the New Year's Honours for my work and contribution to business, enterprise and young people.

The extent of my personal involvement in any business depends entirely on the particular circumstances.

For further information about me, my business interests and charitable activities, please visit my website: <http://www.peterjones.com/>

Mr. Vincent, who the Panel deems to be acting in concert with me, works closely with me across a range of different businesses. Mr. Vincent is the Chief Financial Officer of Phones International Group, which is a company controlled by me, which he joined during its second year of operations in May 2000. He is either a director or acts as an advisor to many of the other businesses in which I have an investment. He is also a trustee of the Peter Jones Foundation. While no decision has yet been made, it is likely that in due course Stephen will be appointed to the board of PDJ Bidco.

It is estimated that full acceptance of the Offer would require payment by PDJ Bidco, under the terms of the Offer, of an amount of approximately £3.5 million in cash.

PDJ Bidco has entered into a facility agreement with me pursuant to which I have agreed to lend PDJ Bidco up to £3.7 million to enable PDJ Bidco to satisfy the consideration under the Offer as well as associated costs and expenses.

WH Ireland is satisfied that PDJ Bidco and I have the necessary financial resources available to satisfy full acceptance of the Offer.

6. Information on Expansys

Expansys is an AIM quoted company with a market capitalisation of approximately £5.4 million based on its mid-market closing price on 14 January 2014 or £7.2 million at the Offer Price.

Expansys Group consists of three business divisions, operating in the e-commerce, consumer technology and wireless telecommunications sectors globally.

The Group includes Expansys.com, a global online consumer electronics retailer operating directly in 51 countries (and indirectly in 200+ countries) with a global footprint, infrastructure and experience in global consumer technology e-commerce.

The Expansys.com team also builds and operates international websites and provides fulfilment and customer service functions on behalf of a growing number of technology and wireless brands.

The Group also includes PJ Media, which develops and operates multi-channel services and solutions for mobile networks and virtual mobile networks worldwide, and Data Select Network Solutions, the UK market leader in network SIM distribution and solutions and now established as a national SIM distributor in the USA.

On 8 January 2014, Expansys announced its interim results for the six months ended 31 October 2013 in which it reported a loss before tax of £2.4m on turnover of £60.2m and an adjusted profit before tax of £0.3 million. For the comparative period ended 30 October 2012, the Group reported a loss before tax of £2.1 million on turnover of £45.6 million and an adjusted profit before tax of £0.4 million.

7. Background to and reasons for the Offer and intentions for Expansys

Overview

I have for some time owned 481,374,917 Expansys Shares, representing approximately 41.43 per cent. of the Expansys Shares currently in issue. Following the Acquisition, I now own 591,625,237 Expansys Shares, representing approximately 50.92 per cent. of the Expansys Shares in issue. Following the Acquisition, the combined holding of PDJ Bidco, me and my concert parties is 617,663,764 Shares (representing approximately 53.16 per cent. of the issued share capital of Expansys).

Following the Acquisition, I am obligated under Rule 9 of the Code to make an offer for those Expansys Shares which I do not already own. As described above, the Offer will be made by PDJ Bidco, a company wholly owned by me. As described above, PDJ Bidco has received irrevocable commitments to acquire a further 21,270,795 Shares owned by the Independent Expansys Directors (representing approximately 1.83 per cent. of the issued share capital of Expansys).

Background

My involvement in Expansys goes back to 2000. In that year, one of my businesses in the telecommunications sector, Data Select, became a supplier to Expansys.

By 2008, Data Select was a key supplier to Expansys. As a result of this relationship, when Expansys needed to raise working capital in March 2008, I was approached to invest. I agreed to invest £403,539 in a placing of new Shares in Expansys, through The Virtual Phone Store Limited ("VPS"), a company ultimately controlled by me.

In 2008, VPS invested a further £655,637 to acquire further Shares from institutional shareholders that wanted to exit their positions. This acquisition resulted in VPS holding an aggregate shareholding of approximately 24.5 per cent. of the then issued share capital of Expansys.

In May 2009, after a difficult period of trading, the Group again required urgent funding to enable it to pay its creditors. VPS again agreed to provide this funding, investing a further £2 million, again by way of a placing of new Shares. This acquisition resulted in an aggregate 81 per cent. shareholding of the then issued share capital. I made this investment because, despite the mixed fortunes the Company had experienced since its flotation in 2007 and the issues it still faced, I continued to believe that, if the Group could resolve these legacy issues, it had good prospects as an AIM quoted business. Following completion of this placing, Mr. Vincent joined the Expansys Board as a non-executive director. Before this transaction took place, the Expansys shareholders at the time waived the requirement for me to make an offer for the remainder of the Expansys Shares pursuant to Rule 9 of the Code and approved the terms of the investment.

In January 2010, I acquired the shareholding of a founder director upon his exit from the Company for a total purchase price of £425,292.

In July 2010, following the appointment of new management, the Group raised new capital and acquired two profitable businesses controlled by me, Data Select Network Solutions and PJ Media, for a combination of cash and shares. Those acquisitions were approved by the then independent directors of Expansys, having taken advice from Cenkos Securities plc, and were approved by the shareholders of the Company at the time.

The strategy behind acquiring these businesses was to provide Expansys with strong network operator relationships and web development capability so as to enable a transition away from the previously loss making business model of being predominantly an online retailer of SIM-free devices. As consideration, I received £12 million cash and 365 million new Shares at a value of 5.6 pence per Share.

I did not sell any Expansys Shares at this point but as a result of the placing of new Shares with institutional investors at the same time as the acquisition, my aggregate holding decreased to approximately 43.13 per cent. of the then issued share capital. I then joined the Expansys Board as a non-executive director and certain of my Expansys Shares were subsequently transferred to Mr. Vincent, reducing my holding to 41.43 per cent. of the then issued share capital of Expansys.

Since the acquisition of these businesses, DSNS and PJ Media have delivered cumulative EBITDA (earnings before interest, tax, depreciation and amortisation) of in excess of £12 million (from July 2010 to 31 October 2013). However, the performance of the Group as a whole since 2010 has not been as strong as expected and the Group has suffered from unanticipated market events.

The Group's overall performance has led to the Company's share price and market capitalisation falling by over 90 per cent. to 0.465 pence as at close of business on 14 January 2014, the last trading day before the acquisition of Expansys Shares triggering the Original Offer Announcement. This has obviously been a great disappointment to all Shareholders and in particular to me, as the largest Shareholder, and who had received the majority of his consideration for the two businesses in shares at a value of 5.6 pence per Share.

Future strategy

The PDJ Bidco Board believes that significant steps need to be taken to create the opportunity for Expansys to reach its potential as a technology and telecoms end-to-end solutions provider. Given the reduced investor confidence in Expansys and its inability to attract funding support, the PDJ Bidco Board does not believe its strategic objectives for Expansys can best be achieved whilst the Company remains quoted on AIM.

If PDJ Bidco, together with Mr. Vincent and I, were to obtain control of 75 per cent. or more of the Company's share capital, PDJ Bidco intends to take the necessary steps in alignment of the Group's overall strategy. These steps may include one or more of the following:

- (a) Combination with Data Select

I ultimately control another telecommunications service business, Data Select, a major mobile devices distributor and provider of fulfilment services to Expansys and other technology brands.

The Expansys Board (including Mr. Vincent and I) has considered for some time that the combination of Data Select and Expansys would be strategically beneficial for both businesses, as they have complementary operations and sales channels, and that this combination could over the medium to longer term generate increased revenue and profitability for the enlarged business. Unfortunately, Expansys has not been in a position from which it could raise the required funding to enable such a transaction to occur and fund the large working capital needs of an enlarged group.

Although an exact transaction structure is not currently defined, any combination of Expansys and Data Select would be likely to involve the issue of a significant number of new Expansys Shares to me as consideration for the sale of Data Select, which would significantly dilute any remaining holders of Expansys Shares.

(b) Introduction of additional working capital

The PDJ Bidco Board believes that, given poor results in recent years, the Company's resources together with those that it could reasonably expect to access are unlikely to fully support the Company's future operational needs.

The PDJ Bidco Board believes that the Company would benefit from the injection of a significant amount of working capital to allow the business to take advantage of current and potential opportunities across its various operations. Given the historic and recent poor trading performance of Expansys, the PDJ Bidco Board believes it is unlikely that any meaningful funding would be available on acceptable terms from the market.

As with the acquisition of Data Select, any new injection of working capital from the issue of new Expansys Shares is likely to dilute any remaining Expansys Shareholders.

Whether PDJ Bidco achieves control of 75 per cent of the Shares or not, PDJ Bidco will still carry out a review of the Groups' locations, management, employees and fixed assets following completion of the Offer, as referred to in Paragraph 8 below. The scope of this review may be impacted by the implementation of the above strategy.

Regulatory costs and constraints

The PDJ Bidco Board believes that the significant costs, time requirements and regulatory burden which are the result of a public quotation cannot be justified for a business of the Company's current size and financial position. The PDJ Bidco Board also believes that the scale and urgency of decisions facing an enlarged Group, combined with the unpredictable nature of the Company's revenue streams and difficulty in forecasting future earnings, are better suited to private ownership. Accordingly, if PDJ Bidco, together with Mr. Vincent and I, obtains control over at least 75 per cent. of the Company's Shares, PDJ Bidco intends to procure that Expansys will apply to de-list from AIM (as referred to further in paragraph 14 below).

Reasons for revised Offer

The original Offer of 0.525 pence per Expansys Share was required as an immediate consequence of the Acquisition of Expansys Shares by me on 15 January 2014, under Rule 9 of the Code. PDJ Bidco has now made a revised Offer of 0.62 pence per Expansys Share.

Since the Original Offer Announcement, and following discussions with the Independent Expansys Directors, I have considered the current position and longer term potential for the Company further.

Although not obliged under the Code to offer any consideration above 0.525 pence per Expansys Share, PDJ Bidco is now committed to making a revised Offer at 0.62 pence per Expansys Share, which the Independent Expansys Directors have unanimously recommended as described above.

8. **Management, employees and locations**

As discussed in paragraph 5 above, the PDJ Bidco Board believes that significant steps need to be taken to create the opportunity for it to reach its potential as an end-to-end solutions provider.

Accordingly, PDJ Bidco intends to review the Group's locations, management, employees and deployment of fixed assets following the Offer, to assess the needs of the Expansys Group in the context of its future strategy.

As referred to in paragraph 11 below, in the event that Expansys cancels its admission to trading on AIM, it would no longer need to maintain a board of directors commensurate with that required for a quoted company. Save for this, PDJ Bidco has no current plans to change the locations from which the Group operates, to the deployment of the Group's fixed assets or its employees. However, this may change following a review of the business.

Given the various overseas locations of the Group and its varied operations, it is not possible to determine at this stage how long the review will take to complete. The review has not yet commenced and as such there are no current plans to make any specific changes, including redundancies other than potentially in relation to the Board as noted above.

Notwithstanding the above, the PDJ Bidco Board confirms that the existing employment rights of all Expansys Group employees will continue to be safeguarded and any accrued rights to pension benefits protected.

9. **Expansys Share Incentive Schemes**

The Offer will extend to any Expansys Shares which are issued or unconditionally allotted and fully paid (or credited as fully paid) while the Offer remains open for acceptance (or such earlier date as PDJ Bidco may, subject to the Code, and in accordance with the terms and conditions of the Offer, decide) including any such shares unconditionally allotted or issued pursuant to the exercise of options under the Expansys Share Incentive Schemes.

Letters will be sent to Expansys Share Incentive Scheme Participants to explain the actions they can take.

WH Ireland is satisfied that PDJ Bidco has the necessary financial resources available to satisfy full acceptance of the Offer by utilising existing cash resources. It is estimated that full acceptance of the Offer would require payment by PDJ Bidco, under the terms of the Offer, of an amount of approximately £3.5m in cash.

10. **United Kingdom taxation**

The following paragraphs, which are intended as a general guide only, are based on current UK tax legislation and published HMRC practice. They summarise certain limited aspects of the UK tax treatment of acceptance of the Offer and they relate only to the position of Expansys Shareholders who are beneficial owners of their Expansys Shares, who hold their Expansys Shares as an investment (other than under a personal equity plan or an individual savings account) and (except insofar as express reference is made to the treatment of non-UK residents) who are resident in the United Kingdom for taxation purposes. If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

Taxation of chargeable gains

Liability to UK capital gains tax (or, for UK resident companies, corporation tax on chargeable gains) ("**CGT**") will depend on the individual circumstances of Expansys Shareholders.

To the extent that an Expansys Shareholder receives cash under the Offer, this will (except to the extent referred to in the next paragraph) constitute a disposal or a part disposal of his Expansys Shares for CGT purposes which may, depending on the Expansys Shareholder's individual circumstances (including the availability of reliefs such as entrepreneurs' relief, exemptions and allowable losses) give rise to a liability to CGT.

If you are in any doubt as to your own tax position, or if you are subject to taxation in a jurisdiction outside of the United Kingdom, you should immediately consult an appropriately qualified independent professional adviser.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

Acceptance of the Offer

No stamp duty or SDRT is payable by Expansys Shareholders as a result of accepting the Offer.

Other tax matters

Special tax provisions may apply to Expansys Shareholders who have acquired or who acquire their Expansys Shares by exercising options under the Expansys Share Incentive Schemes, who have acquired or acquire an interest in Expansys Shares pursuant to the Expansys Share Incentive Schemes or who have acquired or acquire Expansys Shares by reason of employment, including provisions imposing a charge to income tax and national insurance contributions.

11. Overseas Shareholders

The attention of Overseas Shareholders and any persons (including, without limitation, any custodian, nominee or trustee) who would, or otherwise intend to, or who may have a contractual or legal obligation to, forward this document and the accompanying documents to any person outside of the United Kingdom is drawn to paragraph 6 of Part B, and paragraph (c) of Part C (in respect of certificated Expansys Shares) and paragraph (c) of Part D (in respect of uncertificated Expansys Shares) of Appendix 1 to this document and to the relevant provisions of the Form of Acceptance (in respect of certificated Expansys Shares).

Unless otherwise determined by PDJ Bidco and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange, of a Restricted Jurisdiction (including the United States, Canada, Australia or Japan) and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and any related document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving this document and any related document (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer. The availability of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. If you are in any doubt about your position, you should consult your legal adviser in the relevant territory without delay. Accordingly, any accepting Expansys Shareholder who is unable to give the warranties set out in paragraph (c) of Part C of Appendix 1 to this document (in respect of certificated Expansys Shares) and/or in paragraph (c) of Part D of Appendix 1 to this document (in respect of uncertificated Expansys Shares) may be deemed not to have validly accepted the Offer.

12. Procedures for acceptance of the Offer

The following paragraphs should be read together with the instructions and notes on the accompanying Form of Acceptance (in respect of Expansys Shareholders who hold their Expansys Shares in certificated form only) and with Parts C and D of Appendix 1 to this document, all of which form part of the terms of the Offer.

Holders of Expansys Shares in certificated form may only accept the Offer in respect of such Shares by completing and returning the accompanying Form of Acceptance in accordance with the procedure set out in paragraph 12(a) below. Holders of Expansys Shares held in certificated form, but under different designations, should complete a separate Form of Acceptance for each designation.

Holders of Expansys Shares in uncertificated form may only accept the Offer in respect of such Shares by TTE Instruction in accordance with the procedure set out in paragraph 12(b) below. Holders of Expansys Shares held in uncertificated form, but under different member account IDs, should send a separate TTE Instruction for each member account ID.

PDJ Bidco will make an appropriate announcement if any of the details covered in paragraphs 12(a) or 12(b) below alter for any reason.

(a) ***Expansys Shares held in certificated form (that is, not in CREST)***

(i) *To accept the Offer*

To accept the Offer in respect of Expansys Shares held in certificated form (at the time of acceptance of the Offer), you must complete Boxes 1 and 2 and, if appropriate, Box 3 and/or Box 4 of the Form of Acceptance. You must sign Box 2 of the Form of Acceptance in the presence of an independent witness (in the case of an individual), who should insert his/her name and address and also sign in accordance with the instructions printed thereon. If you do not insert a number in Box 1 of the Form of Acceptance or insert a number greater than your registered holding of Expansys Shares, a valid acceptance will be deemed to have been made in respect of all of the Expansys Shares in certificated form held by you.

(ii) *Return of the Form of Acceptance*

To accept the Offer in respect of Expansys Shares held in certificated form, the completed, signed and witnessed (in the case of an individual) Form of Acceptance, together with your share certificate(s) and/or other document(s) of title, should be returned by post or by hand (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, or, by hand only (during normal business hours), to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, in each case as soon as possible and in any event so as to be received by not later than 3.00 p.m. on 5 March 2014. A reply paid envelope for use within the UK only accompanies this document for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of PDJ Bidco.

Any Form of Acceptance received in an envelope post-marked in a Restricted Jurisdiction or otherwise appearing to PDJ Bidco or its agents to have been sent from a Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders please see paragraph 8 of this Part II above.

(iii) *Loss or non-availability of Expansys share certificates*

If your Expansys Shares are held in certificated form, a completed, signed and witnessed (in the case of an individual) Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title.

If your Expansys Shares are held in certificated form but your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should nevertheless be completed, signed and witnessed (in the case of an individual) and returned as stated above so as to arrive by not later than 3.00 p.m. on 5 March 2014. You should send with your Form of Acceptance any share certificate(s) and/or other documents(s) of title that you have available, accompanied by a letter stating that the remaining documents will follow or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the certificates(s) and/or other document(s) of title to be forwarded as soon as possible thereafter. No acknowledgement of receipt of document(s) will be given by or on behalf of PDJ Bidco.

If you have lost your share certificate(s) and/or other document(s) of title, you should write as soon as possible to Expansys's registrars, Computershare Investor Services

PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to Neville Registrars, as set out in sub-paragraph (ii) above.

(iv) *Validity of acceptances*

Without prejudice to Parts B and C of Appendix 1 to this document, PDJ Bidco reserves the right to treat as valid any acceptance of the Offer in relation to Expansys Shares held in certificated form which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash consideration under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to PDJ Bidco have been received.

(v) *Overseas Shareholders*

The attention of Expansys Shareholders holding Expansys Shares in certificated form and who are citizens or residents of jurisdictions outside of the United Kingdom is drawn to paragraph 6 of Part B and to paragraph (c) of Part C of Appendix 1 to this document and to the relevant provisions of the Form of Acceptance.

The Offer is not being made, directly or indirectly, in or into or from a Restricted Jurisdiction. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part C of Appendix 1 to this document is liable to be disregarded.

(b) ***Expansys Shares held in uncertificated form (that is, in CREST)***

(i) *To accept the Offer*

If, at the time of acceptance of the Offer, your Expansys Shares are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer the Expansys Shares held in uncertificated form in respect of which you wish to accept the Offer to the appropriate escrow balance(s) (that is, send a TTE Instruction), specifying Neville Registrars (in its capacity as a CREST participant under its participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE Instruction settles by no later than 3.00 p.m. on 5 March 2014. **Note that settlement cannot take place on weekends or public holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE Instruction(s) accordingly.**

The input and settlement of a TTE Instruction in accordance with this paragraph 12(b) will (subject to satisfying the requirements set out in Parts B and D of Appendix 1 to this document) constitute an acceptance of the Offer in respect of the number of Expansys Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Expansys Shares in uncertificated form are held. In addition, only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your Expansys Shares held in uncertificated form.

To accept the Offer in respect of Expansys Shares held in uncertificated form (at the time of acceptance of the Offer), you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear in relation to such shares which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- the number of Expansys Shares to be transferred to an escrow balance (i.e. the number of Expansys Shares in uncertificated form in respect of which you wish to accept the Offer);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent, namely, Neville Registrars in its capacity as a CREST receiving agent. This is 7RA11;
- the member account ID of the Escrow Agent. This is EXPANSYS;
- the intended settlement date. This should be as soon as possible and in any event not later than 3.00 p.m. on 5 March 2014;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the corporate action ISIN, which is GB00B1VMML97;
- the standard delivery instruction with priority 80; and
- contact name and telephone number inserted in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Expansys Shares concerned in CREST for any transaction or charging purposes and the Escrow Agent will transfer the Expansys Shares concerned to itself in accordance with paragraph (e) of Part D of Appendix 1 to this document.

You are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Expansys Shares to settle prior to 3.00 p.m. on 5 March 2014. In this regard, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(ii) *Validity of acceptances*

A Form of Acceptance which is received in respect of Expansys Shares held in uncertificated form will NOT constitute a valid acceptance of the Offer and will be disregarded. Holders of Expansys Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before that date. PDJ Bidco reserves the right to treat a TTE Instruction which settles after 3.00 p.m. on 5 March 2014 (or such later date to which the Offer may be extended) but before the relevant closing date of the Offer as a valid acceptance of the Offer.

(iii) *Overseas Shareholders*

The attention of Expansys Shareholders holding Expansys Shares in uncertificated form and who are citizens or residents of jurisdictions outside of the UK is drawn to paragraph 6 of Part B and paragraph (c) of Part D of Appendix 1 to this document. The Offer is not being made, directly or indirectly, in or into or from a Restricted Jurisdiction. Any acceptance of the Offer by acceptors who are unable to give the

warranty set out in paragraph (c) of Part D of Appendix 1 to this document is liable to be disregarded.

(c) ***Deposits of Expansys Shares into, and withdrawals of Expansys Shares from, CREST***

Normal CREST procedures (including timings) will apply in relation to any Expansys Shares that are, or are to be, converted from uncertificated form to certificated form, or from certificated form to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Expansys Shares or otherwise). Holders of Expansys Shares who are proposing to so convert any such Expansys Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Expansys Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 3.00 p.m. on 5 March 2014.

If you are in any doubt as to the procedures for acceptance, please contact Neville Registrars by telephone on 0121 585 1131 or at the address set out in paragraph 12(a) above. You are reminded that if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

Calls to Neville Registrars' 0121 585 1131 number are charged at your normal network rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

13. **Settlement**

Settlement of the consideration to which any Expansys Shareholder is entitled under the Offer (except as provided in paragraph 6 of Part B of Appendix 1 to this document in the case of an Overseas Shareholder) will be effected (i) in the case of acceptances received, complete in all respects within 14 days receipt of acceptance, in the following manner:

(a) ***Expansys Shares held in certificated form (that is, not in CREST)***

Where an acceptance relates to Expansys Shares held in certificated form, settlement of any cash due will be despatched by first class post (or by such other method as may be approved by the Panel) at the risk of the person(s) entitled thereto to validly accepting Expansys Shareholders or their appointed agents (but not in or into a Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

(b) ***Expansys Shares held in uncertificated form (that is, in CREST)***

Where an acceptance relates to Expansys Shares held in uncertificated form, the cash consideration for which the accepting Expansys Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Expansys Shareholder's payment bank in respect of the cash consideration due, in accordance with the CREST payment arrangements.

PDJ Bidco reserves the right to settle all or any part of the consideration referred to above, for all or any accepting Expansys Shareholder(s), in the manner referred to in paragraph (a) above, if, for any reason, it wishes to do so.

(c) ***General***

All communications, notices, certificates, documents of title and remittances sent by, to or from Expansys Shareholders or their appointed agents will be delivered by, or sent to or from, them, or their appointed agents, at their own risk.

14. **Compulsory acquisition, cancellation of admission of Expansys Shares to trading on AIM and re-registration**

If PDJ Bidco receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the Expansys Shares to which the Offer relates (and 90 per cent. or more of the voting rights carried by Expansys Shares to which the Offer relates) PDJ Bidco intends to exercise its rights pursuant to the Provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily the remaining Expansys Shares in respect of which the Offer has not been accepted.

If PDJ Bidco has acquired or agreed to acquire a total of 75 per cent. of the voting rights attached to the Expansys Shares (including the Shares he currently holds), PDJ Bidco intends to make an application by Expansys for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules.

It is anticipated that any cancellation of admission to trading on AIM would take effect no earlier than 20 clear business days after PDJ Bidco has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the Expansys Shares. The cancellation would significantly reduce the liquidity and marketability of Expansys Shares not assented to the Offer at that time because following such cancellation, Expansys would be re-registered as a private company under the relevant provisions of the Companies Act 2006.

15. **Further information**

Your attention is drawn to the information contained in the Appendices, which form part of this document, and in the accompanying Form of Acceptance (in respect of certificated Expansys Shares), each of which contain significant further information about PDJ Bidco and Expansys.

16. **Action to be taken**

To accept the Offer, if you hold your Expansys Shares in certificated form, the accompanying Form of Acceptance should be completed, signed and witnessed (in the case of an individual) and then returned in accordance with the instructions printed thereon. Forms of Acceptance should be returned by post or by hand (during normal business hours only), together with any share certificate(s) and/or document(s) of title, to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or, by hand only (during normal business hours), to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, as soon as possible and in any event so as to be received by no later than 3.00 p.m. on 5 March 2014. A reply-paid envelope for use in the UK only accompanies this document for your convenience.

If you hold your Expansys Shares in uncertificated form, you will need to accept the Offer electronically through CREST. You should take the action set out in paragraph 12(b) of this letter and ensure that the TTE Instruction settles not later than 3.00 p.m. on 5 March 2014.

Yours faithfully
Peter David Jones CBE
Director
for and on behalf of PDJ Bidco Limited

APPENDIX 1
CONDITIONS AND FURTHER TERMS OF THE OFFER

PART A: CONDITIONS OF THE OFFER

As PDJ Bidco, together with its concert parties, holds Expansys Shares carrying approximately 53.16 per cent. of the voting rights in Expansys, the Offer is not subject to any minimum acceptance condition or any other condition and is unconditional in all respects.

PART B: FURTHER TERMS OF THE OFFER

The following further terms apply, unless the context requires otherwise, to the Offer. Except where the context requires otherwise, any reference in Part B, Part C and Part D of this Appendix 1 and (in respect of certificated Expansys Shares) in the Form of Acceptance to:

- (i) the **"Offer"** includes any revision, variation or renewal thereof or extension thereto and also where the context requires include any election or alternative available in connection therewith;
- (ii) the **"Offer Document"** means this document and any other document containing the Offer;
- (iii) **"Expansys Shareholders"** means holders of Expansys Shares and includes references to the person or persons (in respect of certificated Expansys Shares) executing a Form of Acceptance or the person or persons (in respect of uncertificated Expansys Shares) making an Electronic Acceptance and, in the event of more than one person executing a Form of Acceptance or making an Electronic Acceptance, the provisions of this Part B and, in relation to executing a Form of Acceptance only, Part C of this Appendix 1 and, in relation to making an Electronic Acceptance only, Part D of this Appendix 1 shall apply to them jointly and to each of them. References to the masculine gender shall include the feminine;
- (iv) **"acceptances of the Offer"** includes deemed acceptances of the Offer;
- (v) **"send", "sent" or "sending"** or similar expression in relation to any document, announcement or other information shall include distribution in hard copy form or electronic form or publication on a website in such manner as shall be permitted by the Code or otherwise with the Panel's consent;
- (vi) **"Day 21 of the Offer"** means 5 March 2014.

1 Acceptance period

- (a) The Offer will initially be open for acceptance until 3.00 p.m. on Day 21 of the Offer. Although no revision is envisaged, if the Offer is revised, a revised offer document will be published and sent to Expansys Shareholders. On the day of publication, PDJ Bidco will place the revised offer document on display, make it available on Mr. Jones' website and announce that the document has been sent and where it can be inspected and otherwise accessed. If the Offer is revised, it will remain open for acceptance for a period of at least 14 days following the date on which written notification of the revision is sent to Expansys Shareholders.
- (b) However, PDJ Bidco reserves the right, with the consent of the Panel, to extend the Offer to (a) later time(s) and/or date(s).
- (c) Not less than 14 days' notice will be given prior to the closing of the Offer in writing to those Expansys Shareholders who have not accepted the Offer.
- (d) If a competitive situation (as determined by the Panel) arises after PDJ Bidco has made a "no extension" statement or a "no increase" statement (as referred to in the Code), PDJ Bidco may (if it has specifically reserved the right to do so at the time such statement was made, or otherwise with the consent of the Panel) withdraw such statement provided that it complies with the requirements of the Code and, in particular, that: (i) it announces the withdrawal as soon as possible and in any event within four business days after the announcement of the competing offer or other competitive situation and notifies Expansys Shareholders to that effect at the earliest opportunity or, in the case of Expansys Shareholders with registered addresses outside of the United Kingdom or whom PDJ Bidco reasonably believes to be nominees, custodians or trustees holding Expansys Shares for such persons, by announcement in the United Kingdom at the earliest opportunity; and (ii) any Expansys Shareholders who accepted the Offer after the date of such statement are given a right of withdrawal as described in paragraph 3(b) of this Part B. PDJ Bidco may (if it has reserved the right to do so) choose not to be bound by the terms of a "no increase" statement or a "no extension" statement if it would otherwise prevent the posting of an

increased or improved Offer which is recommended for acceptance by the Expansys Board, or in other circumstances permitted by the Panel.

2 **Announcements**

- (a) Without prejudice to paragraph 3(a) of this Part B, by 8.00 a.m. on the business day (the "relevant day") next following the day on which the Offer is due to expire or is revised or extended, as the case may be (or such later time(s) and/or date(s) as the Panel may agree), PDJ Bidco will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel):
- (i) the number of Expansys Shares for which acceptances of the Offer have been received, specifying the extent to which acceptances have been received from persons acting in concert with PDJ Bidco or in respect of Expansys Shares which were subject to an irrevocable commitment or a letter of intent procured by PDJ Bidco or any person acting in concert with it;
 - (ii) details of any relevant securities of Expansys in which PDJ Bidco or any person acting in concert with it has an interest or in respect of which he has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
 - (iii) details of any relevant securities of Expansys in respect of which PDJ Bidco or any of person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and
 - (iv) details of any relevant securities of Expansys which PDJ Bidco or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentages of each class of relevant securities of Expansys represented by these figures.

- (b) References in this Part B to the making of an announcement by or on behalf of PDJ Bidco include the release of an announcement by public relations consultants or by WH Ireland to the press, and the delivery by hand or telephone, telex, facsimile, e-mail, the internet or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service.

3 **Rights of withdrawal**

- (a) If PDJ Bidco fails to comply by 3.30 p.m. on the relevant day (or such later time and/or date as the Panel may agree) with any of the other relevant requirements specified in paragraph 2(a) of this Part B, an accepting Expansys Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance by written notice (signed by the accepting Expansys Shareholder or his agent duly appointed in writing and evidence of whose appointment in a form reasonably satisfactory to PDJ Bidco is produced with the notice) given by post or by hand to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, or by hand only (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, on behalf of PDJ Bidco. Alternatively, in the case of Expansys Shares held in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 3(d) of this Part B. Subject to paragraph 1(b) of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day by PDJ Bidco confirming, if such be the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) of this Part B will run from the date of such confirmation and compliance.

- (b) Except as provided by this paragraph 3 of this Part B, acceptances shall be irrevocable. In this paragraph 3, "written notice" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Expansys Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment in a form reasonably satisfactory to PDJ Bidco is produced with the notice). E-mail, telex, facsimile, the internet or other electronic transmission, or copies, will not be sufficient to constitute written notice. No notice which is postmarked in, or which otherwise appears to PDJ Bidco, its agents or advisers to have been sent from, a Restricted Jurisdiction will be treated as valid.
- (c) In respect of Expansys Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(a) of this Part B an accepting Expansys Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
- the number of Expansys Shares to be withdrawn;
 - the corporate action ISIN number of Expansys Shares. This is GB00B1VMML97;
 - the member account ID of the accepting Expansys Shareholder;
 - the participant ID of the accepting Expansys Shareholder;
 - the participant ID of the Escrow Agent. This is 7RA11;
 - the member account ID of the Escrow Agent. This is EXPANSYS;
 - the CREST Transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
 - input with standard delivery instruction priority of 80;
 - the intended settlement date for the withdrawal; and
 - the corporate action number of the Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

Any such withdrawal will be conditional upon Neville Registrars verifying that the withdrawal request is validly made. Accordingly, Neville Registrars will on behalf of PDJ Bidco reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

4 Revised Offer

- (a) Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or in the value or nature of the consideration offered or otherwise) (which PDJ Bidco reserves the right to do) and such revision represents on the date on which such revision is announced (on such basis as PDJ Bidco may consider appropriate) an improvement or no diminution in the value of the consideration of the Offer as so revised compared with the value of the consideration previously offered, the benefit of the revised Offer will (subject to this paragraph 4 and paragraph 3 of this Part B) be made available to Expansys Shareholders who have accepted the Offer in its original or any previously revised form(s) (hereinafter called "**Previous Acceptor(s)**"). The acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided in this paragraph 4 and paragraph 3 of this Part B, be deemed to be an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of any director or person authorised by PDJ Bidco as his attorney and/or agent with authority to accept any such revised Offer on behalf of such Previous Acceptor.

- (b) The deemed acceptances referred to in paragraph 4(a) of this Part B shall not apply and the authorities conferred by paragraph 4(a) of this Part B shall not be exercised if as a result thereof a Previous Acceptor would (on such basis as PDJ Bidco may consider appropriate) receive less in aggregate consideration than he would have received as a result of his acceptance of the Offer in the form in which it was originally accepted by him unless such Previous Acceptor has previously otherwise agreed in writing.
- (c) The deemed acceptances referred to in paragraph 4(a) of this Part B shall not apply and the authorities conferred by paragraph 4(a) of this Part B shall be ineffective to the extent that a Previous Acceptor: (i) in respect of Expansys Shares held in certificated form, lodges with Neville Registrars, within 14 days of the sending of the document pursuant to which the revision of the Offer referred to in paragraph 4(a) of this Part B is made available to Expansys Shareholders, a Form of Acceptance or some other form issued by or on behalf of PDJ Bidco in which he validly elects to receive the consideration receivable by him under that revised Offer in some other manner or (ii) in respect of Expansys Shares held in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
- the number of Expansys Shares in respect of which the changed election is made;
 - the corporate action ISIN number of Expansys Shares. This is GB00B1VMMLL97;
 - the member account ID of the Previous Acceptor;
 - the participant ID of the Previous Acceptor;
 - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is EXPANSYS;
 - the CREST Transaction ID of the Electronic Acceptance in respect of which the election is to be changed;
 - the intended settlement date for the changed election;
 - the corporate action number for the Offer;
 - input with standard delivery instruction priority of 80,
- and, in order that the desired change of election can be effected, must include the member account ID of the Escrow Agent relevant to the new election.
- Any such change of election will be conditional upon Neville Registrars verifying that the request is validly made. Accordingly, Neville Registrars will on behalf of PDJ Bidco reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.
- (d) The powers of attorney and authorities referred to in this paragraph 4 of this Part B and any acceptance of a revised Offer and/or election pursuant thereto shall be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B and duly and validly does so.
- (e) PDJ Bidco reserves the right to treat an executed Form of Acceptance or Electronic Acceptance relating to the Offer (in its original or any previously revised form(s)) which is received after the announcement or the issue of the Offer in any revised form as a valid acceptance in respect of the revised Offer and/or a valid election pursuant thereto and such acceptance shall constitute an authority and request in the terms of this paragraph 4 of this Part B *mutatis mutandis* on behalf of the relevant Expansys Shareholders.

5 **General**

- (a) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificates or other documents will be given. All communications, notices, certificates, documents of title, other documents and remittances to be delivered by or to or sent to or from Expansys Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such Expansys Shareholders (or their designated agent(s)) at their risk.
- (b) The expression "**Offer Period**" when used in this document means the period commencing on 15 January 2014 and ending on Day 21 of the Offer.
- (c) All references in this document and, in respect of Expansys Shares held in certificated form, in the Form of Acceptance to Day 21 of the Offer, shall (except in the definition of "Offer Period" above and where the context otherwise requires), if the expiry date of the Offer shall be extended, be deemed to refer to the expiry date of the Offer as so extended.
- (d) Except with the consent of the Panel, settlement of the consideration to which any Expansys Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which PDJ Bidco may otherwise be, or claim to be, entitled as against such Expansys Shareholder, and the consideration due to an Expansys Shareholder who validly accepts the Offer will (subject to paragraph 6 of this Part B below, and except with the consent of the Panel) be made in full not later than 14 days after (in respect of certificated Expansys Shares) the date of receipt of a valid and complete Form of Acceptance and/or (in respect of uncertificated Expansys Shares) the date of receipt of a valid TTE Instruction from such Expansys Shareholder. No consideration will be sent to an address in a Restricted Jurisdiction.
- (e) The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Form of Acceptance (in respect of certificated Expansys Shares) constitute part of the terms of the Offer. Words and expressions defined in this document shall, unless the context otherwise requires, have the same meanings when used in the Form of Acceptance (in respect of certificated Expansys Shares). The provisions of this Appendix 1 shall be deemed to be incorporated in the Form of Acceptance (in respect of certificated Expansys Shares).
- (f) The Offer, this document, the Form of Acceptance (in respect of certificated Expansys Shares) and all acceptances thereof and all elections thereunder or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of an Expansys Shareholder of a Form of Acceptance (in respect of certificated Expansys Shares) will constitute his irrevocable submission, in relation to all matters arising out of or in connection with the Offer, this document and (in respect of certificated Expansys Shares) the Form of Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the rights of PDJ Bidco to bring any action, suit or proceeding arising out of or in connection with the Offer, this document and (in respect of certificated Expansys Shares) the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.
- (g) Any omission to send this document or the Form of Acceptance or any notice required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- (h) Subject to paragraph 5(j) of this Part B below, and without prejudice to any other provision of this Appendix 1, PDJ Bidco reserves the right to treat acceptances of the Offer as valid if received by or on behalf of it at any place or places or in any manner determined by them otherwise than as stated herein or (in respect of certificated Expansys Shares) in the Form of Acceptance, or (in respect of uncertificated Expansys Shares) if the relevant TTE Instruction has not been settled.

- (i) The Offer may not be accepted, in relation to Expansys Shares held in certificated form, otherwise than by means of a Form of Acceptance.
- (j) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix 1 or (in respect of certificated Expansys Shares) in the Form of Acceptance are given by way of security for the performance of the obligations of the Expansys Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971, except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly does so.
- (k) The Offer extends to any Expansys Shareholders to whom this document, the Form of Acceptance (in respect of certificated Expansys Shares) and any related documents may not have been sent or by whom such documents may not be received and such Expansys Shareholders may collect copies of those documents from Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. PDJ Bidco reserves the right to notify any matter, including the making of the Offer, to all or any Expansys Shareholders with a registered address outside of the United Kingdom (or whom PDJ Bidco knows to be nominees, trustees or custodians for such persons) by announcement in the United Kingdom or paid advertisement in a daily newspaper published and circulated in the United Kingdom, in which event such notice shall be deemed to have been sufficiently given notwithstanding any failure by an Expansys Shareholder to receive such notice and all references in this document to notice, or the provision of information in writing, by PDJ Bidco and/or its agents and/or public relations consultants shall be construed accordingly.
- (l) The Offer is made at 11.59 p.m. on 12 February 2014 and is capable of acceptance from and after that time. Forms of Acceptance (in respect of certificated Expansys Shares) are available for collection from PDJ Bidco at Network House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1LY and from Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA from that time. The Offer is being made by means of this document and by means of a notice published in the London Gazette dated 17 February 2014.
- (m) If sufficient acceptances and voting rights in respect of Expansys Shares are received and/or are otherwise acquired, PDJ Bidco intends to apply the provisions of sections 974 to 991 (inclusive) of the Act to acquire compulsorily any outstanding Expansys Shares and to apply for cancellation of Expansys's admission to trading on AIM.
- (n) In relation to any acceptance of the Offer in respect of a holding of Expansys Shares which is in uncertificated form, PDJ Bidco reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (o) For the purposes of this document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time that the relevant instruction settles in CREST.
- (p) All references in this Appendix 1 to any statute or statutory provision shall include any statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).

6 Overseas Shareholders

- (a) The making of the Offer in, or to persons resident in, or citizens or nationals of, jurisdictions outside of the United Kingdom or who are nominees of, or custodians, trustees or guardians for, citizens or nationals of such jurisdictions ("**Overseas Shareholders**") may be prohibited or affected by the laws or regulatory requirements of the relevant overseas jurisdiction. No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him nor should he in any event use the Form of Acceptance (in respect of certificated Expansys Shares), unless, in the relevant territory,

such an offer or invitation could lawfully be made to him and such Form of Acceptance (in respect of certificated Expansys Shares) could lawfully be used without contravention of any registration or other legal or regulatory requirements. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any Overseas Shareholder will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction by whomsoever payable and PDJ Bidco, and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or other requisite payments as PDJ Bidco, WH Ireland and any person acting on its behalf may be required to pay.

If you are an Overseas Shareholder and you are in doubt about your position, you should consult your legal adviser in the relevant jurisdiction.

- (b) Unless otherwise determined by PDJ Bidco and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange, of a Restricted Jurisdiction (including the United States, Canada, Australia or Japan) and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance (in respect of certificated Expansys Shares) and any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer. Persons wishing to accept the Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer must not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all accepting Expansys Shareholders must provide addresses outside a Restricted Jurisdiction for the receipt of any consideration to which they are entitled pursuant to the Offer or (in respect of certificated Expansys Shares) return of Forms of Acceptance, share certificate(s) and/or other document(s) of title.
- (c) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any persons (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any other documents relating to the Offer in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
 - (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 6 of this Part B.
- (d) An Expansys Shareholder will be deemed not to have validly accepted the Offer if:
 - (i) he puts "No" in Box 3 of the Form of Acceptance (in respect of certificated Expansys Shares) and thereby does not give the representation and warranty set out in paragraph (c) of Part C of this Appendix 1;

- (ii) he completes Box 4 of the Form of Acceptance (in respect of certificated Expansys Shares) with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in either case he does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to this paragraph 6 and applicable laws;
- (iii) he inserts in Box 4 of the Form of Acceptance (in respect of certificated Expansys Shares) the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under or in consequence of the Offer to be sent;
- (iv) any Form of Acceptance (in respect of certificated Expansys Shares) received from him is received in an envelope postmarked in, or which otherwise appears to PDJ Bidco or its agents to have been sent from a Restricted Jurisdiction; or
- (v) in respect of uncertificated Expansys Shares, he makes a Restricted Escrow Transfer pursuant to paragraph 6(g) below unless he also makes a related Restricted ESA Instruction which is accepted by Neville Registrars.

PDJ Bidco reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representation and warranty set out in paragraph (c) of Part C of this Appendix 1 or (as the case may be) paragraph (c) of Part D of this Appendix 1 could have been truthfully given by the relevant Expansys Shareholder and, if such investigation is made and, as a result, PDJ Bidco cannot satisfy itself that such representation and warranty was true and correct, such acceptance shall not be valid.

- (e) The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Expansys Shareholder(s) or on a general basis by PDJ Bidco in its absolute discretion. In particular, without limitation, PDJ Bidco reserves the right to permit the Offer to be accepted by, and or (in respect of certificated Expansys Shares) to issue or deliver any share certificate(s) and/or document(s) of title to an Overseas Shareholder, or (in respect of uncertificated Expansys Shares) the crediting of the appropriate stock account of an Overseas Shareholder (otherwise unable to accept the Offer in accordance with the above) in circumstances in which PDJ Bidco is satisfied that acceptance by such Expansys Shareholder and or (in respect of certificated Expansys Shares) the issue or delivery of any documents of title to, or (in respect of uncertificated Expansys Shares) the crediting of the appropriate stock account of, such Expansys Shareholder will not constitute a breach of any securities or other relevant legislation or impose obligations on PDJ Bidco not contemplated by the Offer (and in any such case, PDJ Bidco may impose reasonable additional requirements and restrictions on such acceptance and the share certificates and/or documents of title issued and/or crediting appropriate stock accounts).
- (f) Neither PDJ Bidco nor any agent or director of PDJ Bidco nor its advisers or any person acting on behalf of any of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer on any of the bases set out in this paragraph 6 or otherwise in connection therewith.
- (g) If an Expansys Shareholder holding Expansys Shares in uncertificated form is unable to give the representation and warranty set out in paragraph (c)(i) or (ii) of Part D of this Appendix 1, but nevertheless can produce evidence satisfactory to PDJ Bidco that he is able to accept the Offer in compliance with all legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
 - (i) a TTE Instruction to a designated escrow balance detailed below (a "**Restricted Escrow Transfer**"); and
 - (ii) one or more valid ESA Instructions (a "**Restricted ESA Instruction**").

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA Instruction settle in CREST and PDJ Bidco decides in its absolute discretion to exercise its right, described in paragraph 6(e) above to waive, vary or modify the terms of the Offer related to Overseas Shareholders to the extent required to permit such acceptance to be made in each case during the acceptance period set out in paragraph (a) of Part A of this Appendix 1. If PDJ Bidco accordingly decides to permit such acceptance to be made, Neville Registrars will on behalf of PDJ Bidco accept the purported acceptance as an Electronic Acceptance on the terms of this document as so waived, varied or modified by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Neville Registrars will on behalf of PDJ Bidco reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the corporate action ISIN number for the Expansys Shares. This is GB00B1VMMLL97;
- the number of Expansys Shares in respect of which you wish to accept the Offer (i.e. the number of Expansys Shares to be transferred to an escrow balance);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is 7RA11;
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer. This is RESTRICT;
- the intended settlement date. This should be as soon as possible and in any event not later than 3.00 p.m. on Day 21 of the Offer;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by reviewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and
- contact name and telephone number inserted in the shared note field.

Each Restricted ESA Instruction must, in order to it to be valid and settle include the following details:

- the corporate action ISIN number for the Expansys Shares. This is GB00B1VMMLL97;
- the number of Expansys Shares relevant to that Restricted ESA Instruction;
- your participant ID;
- your member ID;
- the participant ID of the Escrow Agent. This is 7RA11;
- the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer. This is RESTRICT;
- the member account ID of the escrow Agent. This is RESTRICT;
- the CREST Transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates to be inserted at the beginning of the shared note field;

- the intended settlement date. This should be as soon as possible and in any event not later than 3.00 p.m. on Day 21 of the Offer;
- the corporate action number for the Offer; and
- input with standard delivery instruction priority of 80.

PART C: FORM OF ACCEPTANCE

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix 1, each Expansys Shareholder who holds Expansys Shares in certificated form by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with PDJ Bidco and Neville Registrars and their respective agents (so as to bind him, his personal representatives and his heirs, successors and assigns) that:

- (a) whether or not any other Boxes of the Form of Acceptance are completed, the execution of a Form of Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Expansys Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
 - (ii) an undertaking to execute any further documents, take further action and give any further assurances which may be required in connection with his acceptance of the Offer,

in each case on and subject to the terms set out or referred to in this document and the Form of Acceptance and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix 1, each such acceptance shall be irrevocable provided that: (i) if no number or "ALL" is inserted in Box 1; or (ii) if the total number of Expansys Shares in certificated form inserted in Box 1 is greater than the relevant Expansys Shareholder's registered holding of Expansys Shares in certificated form; or (iii) if the Form of Acceptance is otherwise completed incorrectly but the Form of Acceptance is signed, it will be deemed to be an acceptance of the terms of the Offer in respect of all of the Expansys Shares in certificated form comprised in the Form of Acceptance;

- (b) Expansys Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 15 January 2014, including the right to receive all dividends or other distributions declared, paid or made after 15 January 2014;
- (c) unless "NO" is inserted or deemed to be inserted in Box 3 of the Form of Acceptance, such Expansys Shareholder:
 - (i) (if such Expansys Shareholder is a citizen, resident or national of a jurisdiction outside of the United Kingdom) has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in PDJ Bidco or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof; or
 - (ii)
 - (A) is not a person located or resident in a Restricted Jurisdiction, does not hold any Expansys Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted Jurisdiction; and
 - (B) has not received or sent copies or originals of this document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile, telex, telephone, the internet or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; the Form of Acceptance has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Expansys Shareholder is accepting the Offer from outside a Restricted Jurisdiction;

- (d) in relation to Expansys Shares held in certificated form, the execution of the Form of Acceptance constitutes, subject to the accepting Expansys Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of PDJ Bidco and/or any of its respective directors or agents as such Expansys Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent, to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent in relation to the Expansys Shares referred to in paragraph (a)(i) above in favour of PDJ Bidco or such other person or persons as PDJ Bidco may direct and to deliver such form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) relating to such Expansys Shares, for registration within six months of the date of acceptance and to execute all such documents and to do all such other acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest such Expansys Shares in PDJ Bidco or its nominee(s) or as it may direct;
- (e) in relation to Expansys Shares held in certificated form, the execution and delivery of the Form of Acceptance constitutes, subject to the accepting Expansys Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests:
- (i) to Expansys or its agents, to procure the registration of the transfer of the Expansys Shares in certificated form referred to in paragraph (a)(i) above pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to PDJ Bidco or as it may direct;
 - (ii) to PDJ Bidco or its agents, to procure the despatch by post (or by such other method as may be approved by the Panel) of (subject to the provisions of paragraph 6 of Part B of this Appendix 1) a cheque to which an accepting Expansys Shareholder becomes entitled pursuant to his acceptance of the Offer (and at the risk of such person) to the person whose name and address (outside a Restricted Jurisdiction) is set out in Box 4 of the Form of Acceptance or, if none is set out, to the person whose name and address (outside a Restricted Jurisdiction) is set out in Box 4 of the Form of Acceptance or to the first-named holder at his registered address (outside a Restricted Jurisdiction);
- (f) in relation to Expansys Shares held in certificated form, the execution of the Form of Acceptance constitutes a separate authority to any director of PDJ Bidco and/or their respective agents and the irrevocable appointment of any such director and/or agent as such Expansys Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix 1;
- (i) PDJ Bidco shall be entitled to direct the exercise of any votes attaching to any Expansys Shares held in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Expansys Shares, including the right to requisition a general meeting or separate class meeting of Expansys; and
 - (ii) the execution of the Form of Acceptance by an Expansys Shareholder constitutes, with regard to the Expansys Shares held in certificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) an authority to Expansys and/or its agents from such Expansys Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Expansys (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Expansys Shares into certificated form) to PDJ Bidco at its registered office;
 - (B) the irrevocable appointment of PDJ Bidco or any of its directors or agents to sign such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such Expansys Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting on his behalf and/or to execute a form of proxy in respect of such Expansys Shares appointing any person nominated by PDJ Bidco to attend general or separate class

meetings of Expansys or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such Expansys Shares on his behalf); and

- (C) the agreement of such Expansys Shareholder not to exercise any of such rights without the consent of PDJ Bidco and the irrevocable undertaking of such Expansys Shareholder not to appoint a proxy or representative for or to attend any such meetings;
- (g) he will deliver, or procure the delivery of, to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA his share certificate(s) and/or other document(s) of title in respect of the Expansys Shares referred to in sub-paragraph (a)(i) above (which are held in certificated form), or an indemnity acceptable to PDJ Bidco in lieu thereof, as soon as possible and in any event within six months of the date of acceptance;
- (h) the terms of the Offer shall be deemed to be incorporated into and form part of the Form of Acceptance, which shall be read and construed accordingly;
- (i) if he accepts the Offer, he shall do all such acts and things as shall be necessary or expedient to vest in PDJ Bidco or its nominees or such other persons as it may decide the Expansys Shares as aforesaid;
- (j) he agrees to ratify each and every act or thing which may be done or effected by PDJ Bidco or Neville Registrars or by any of their respective directors or agents or Expansys or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or in this Part C of this Appendix 1 and to indemnify each such person against any losses arising therefrom;
- (k) in relation to Expansys Shares held in certificated form, the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of PDJ Bidco to bring any action, suit or proceeding arising out of or in connection with the Offer or in any other manner permitted by law or in any court of competent jurisdiction; and
- (l) if any provision of Part B or of this Part C of Appendix 1 shall be unenforceable or invalid or shall not operate so as to afford PDJ Bidco and/or Neville Registrars and/or any director or agent of any of them the full benefit of the authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable PDJ Bidco and/or Neville Registrars and/or any director or agent of any of them to secure the full benefit of such authorities and powers of attorney.

On execution, the Form of Acceptance shall take effect as a Deed.

References in this Part C to an Expansys Shareholder shall include references to the person or persons executing a Form of Acceptance, in relation to Expansys Shares held in certificated form, and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part C shall apply to them jointly and to each of them. References to the masculine gender shall include the feminine.

PART D: ELECTRONIC ACCEPTANCES

Without prejudice to the provisions of Parts A and B of this Appendix 1, each Expansys Shareholder who holds Expansys Shares in uncertificated form by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with PDJ Bidco and Neville Registrars and their respective agents (so as to bind him and his personal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Expansys Shares in uncertificated form to which a TTE Instruction relates;
 - (ii) an undertaking to execute any further documents, take further action and give any further assurances which may be required to enable PDJ Bidco to obtain the full benefits of the terms of this Part D and/or to perfect any authorities expressed to be given thereunder,

in each case on and subject to the terms set out or referred to in this document and that, subject to paragraph 3 of Part B of this Appendix 1, such acceptance and/or election shall be irrevocable;

- (b) the Expansys Shares held in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 14 January 2014, including the right to receive all dividends and other distributions declared, made or paid after 14 January 2014;

- (c) such Expansys Shareholder:

- (i) (if such Expansys Shareholder is a citizen, resident or national of a jurisdiction outside of the United Kingdom) has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in PDJ Bidco, WH Ireland or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof; or

- (ii)

- (A) is not a person located or resident in a Restricted Jurisdiction, does not hold any Expansys Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted Jurisdiction; and
- (B) has not received or sent copies or originals of this document or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile, telex, the internet, telephone or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; was outside, at the time of the input and settlement of the relevant TTE Instruction, a Restricted Jurisdiction; and no TTE Instruction has been sent in, into or from a Restricted Jurisdiction and such Expansys Shareholder is accepting the Offer from outside a Restricted Jurisdiction,

provided that the warranties and representations above shall be deemed not to be given if the Expansys Shareholder purports to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) a Restricted Escrow Transfer and a Restricted ESA Instruction pursuant to paragraph 6(g) of Part B of this Appendix 1;

- (d) in relation to Expansys Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to the accepting Expansys Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of PDJ Bidco and/or any of its directors or agents as such Expansys Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent to do all such acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in PDJ Bidco or its nominee(s) such Expansys Shares (referred to in paragraph 1(a) of this Part D (the "**Electronic Acceptance Shares**"));
- (e) in relation to Expansys Shares held in uncertificated form, the Electronic Acceptance constitutes the irrevocable appointment of Neville Registrars as such Expansys Shareholder's attorney and/or agent and an irrevocable instruction and authority to the attorney and/or agent, subject to an accepting Expansys Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as PDJ Bidco or its agents may direct) by means of CREST all or any of the Expansys Shares held in uncertificated form (but not exceeding the number of Expansys Shares held in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and
- (f) in relation to Expansys Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to an accepting Expansys Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests, to PDJ Bidco or its agents to procure the making of a CREST payment in accordance with the CREST payment obligation in favour of the Expansys Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such accepting Expansys Shareholder is entitled, provided that:
- (i) PDJ Bidco may (if, for any reason it wishes to do so) determine that all or any part of such cash consideration shall be paid by cheque, despatched by post; and
 - (ii) if the accepting Expansys Shareholder is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which he is entitled shall be paid by cheque despatched by post and all such cheques shall be despatched at the risk of such Expansys Shareholder to the first-named holder at an address outside of the United States, Canada, Australia or Japan stipulated by such holder or as otherwise determined by PDJ Bidco;
- (g) in relation to Expansys Shares held in uncertificated form, the Electronic Acceptance constitutes a separate authority to PDJ Bidco and/or any of its directors or agents and the irrevocable appointment of any such director and/or agent as such Expansys Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix 1 in respect of the Electronic Acceptance Shares;
- (i) PDJ Bidco or its agents shall be entitled to direct the exercise of any votes attaching to Expansys Shares held in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Expansys Shares, including the right to requisition a general meeting or separate class meeting of Expansys; and
 - (ii) an Electronic Acceptance by an Expansys Shareholder constitutes, with regard to the Expansys Shares held in uncertificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) an authority to Expansys and/or its agents from such Expansys Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Expansys (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Expansys Shares into certificated form) to PDJ Bidco at its registered office;
 - (B) the irrevocable appointment of PDJ Bidco or any of its directors or agents to sign any such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such Expansys Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or execute a form of proxy in respect of such Expansys Shares appointing any person nominated by

PDJ Bidco to attend general or separate class meetings of Expansys or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such Expansys Shares on his behalf); and

- (C) the agreement of such Expansys Shareholder not to exercise any of such rights without the consent of PDJ Bidco and the irrevocable undertaking of such Expansys Shareholder not to appoint a proxy or representative for or to attend any such meetings;
- (h) if, for any reason any Expansys Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 12(b) of the letter from PDJ Bidco set out in Part II of this document are converted to certificated form, he will (without prejudice to sub-paragraph (g)(ii)(A) above of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Expansys Shares as so converted to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or to PDJ Bidco at its registered office or as PDJ Bidco or its agent may direct and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix 1 in relation to such Expansys Shares without prejudice to the application of this Part D so far as PDJ Bidco deems appropriate;
- (i) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in sub-paragraph (f)(i) above of this Part D shall, to the extent of the obligations so created, discharge in full any obligation of PDJ Bidco to pay him any cash consideration (if any) to which he is entitled pursuant to the Offer;
- (j) if he accepts the Offer he shall do all such acts and things as shall be necessary or expedient to vest in PDJ Bidco or its nominee(s) or such other person as it may decide the Expansys Shares aforesaid and all such acts and things as in the opinion of PDJ Bidco shall be necessary or expedient to enable Neville Registrars to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) he agrees to ratify each and every act or thing which may be done or effected by PDJ Bidco, or Neville Registrars or by any of their respective directors or agents or Expansys or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or this Part D of this Appendix 1 and to indemnify each such person against any losses arising therefrom;
- (l) if any provision of Part B or this Part D of Appendix 1 shall be unenforceable or invalid or shall not operate so as to afford PDJ Bidco and/or Neville Registrars and/or any director or agent of any of them the full benefit of authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do such acts or things and execute all such documents as may be required or desirable to enable PDJ Bidco and/or Neville Registrars and/or any director or agent or any of them to secure the full benefit of such authorities and powers of attorney;
- (m) in relation to Expansys Shares held in uncertificated form, the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and Electronic Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of PDJ Bidco to bring any action, suit or proceeding arising out of or in connection with the Offer and the Electronic Acceptance or in any other manner permitted by law or in any court of competent jurisdiction; and
- (n) by virtue of the CREST Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant holder of Expansys Shares in the terms of the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (i) above) Part C of this Appendix 1 to PDJ Bidco and Neville Registrars and any of their respective agents.

References in this Part D to an Expansys Shareholder shall include reference to the person or persons making an Electronic Acceptance, in relation to Expansys Shares held in uncertificated form, and, in the event of more than one person making an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and severally to each of them. References to the masculine gender should include the feminine.

APPENDIX 2 FINANCIAL INFORMATION ON PDJ BIDCO AND EXPANSYS

Financial information on PDJ Bidco

As PDJ Bidco is a newly incorporated company, established specifically for the purposes of making the Offer, it has not prepared any financial statements to date.

As described in paragraph 1 of the letter from PDJ Bidco set out in Part II of this document, on 11 February 2014, Mr. Jones transferred all of his Expansys Shares to PDJ Bidco at 0.525 pence per Expansys Share. The Panel confirmed that there were no Code consequences arising from the transfer as to the minimum mandatory price at which PDJ Bidco or Mr. Jones would be obliged to make an offer pursuant to Rule 9.

Other than this transfer, since its incorporation, PDJ Bidco has not traded, other than to the extent necessary to finance and make the Offer. PDJ Bidco has entered into a facility agreement with Mr. Jones pursuant to which he has agreed to lend PDJ Bidco up to £3.7 million to enable PDJ Bidco to satisfy the consideration under the Offer as well as associated costs and expenses. Further terms of the PDJ Bidco Facility Agreement is set out at paragraph 10 of Appendix 3 of this document.

Mr. Jones is PDJ Bidco's sole shareholder.

Financial information on Expansys

The following sets out the financial information in respect of Expansys as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have been previously announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

Audited consolidated accounts of Expansys

- The audited consolidated accounts of Expansys for the financial year ended on 30 April 2013 are set out on pages 23 to 63 (inclusive) of the annual report and accounts of Expansys for the financial year ended on 30 April 2013 and are available free of charge on Expansys's website www.expansys.plc.uk.
- The audited consolidated accounts of Expansys for the financial year ended on 30 April 2012 are set out on pages 26 to 67 (inclusive) of the annual report and accounts of Expansys for the financial year ended on 30 April 2012 and are available free of charge on Expansys's website www.expansys.plc.uk.

Interim statement of Expansys

- The unaudited consolidated financial statements of Expansys for the six months ended on 31 October 2013 are incorporated into this document by reference to Expansys's announcement of its interim results for the six months ended on 31 October 2013 which is available free of charge on Expansys's website at www.expansys.plc.uk/news/article/21402540.

If you are reading this document in hard copy form, please enter one of the web addresses above in your web browser to be brought to the relevant document. If you are reading this document in electronic form, please click on the relevant web address above to be brought to the relevant document.

The above Annual Reports and Accounts and interim statement of Expansys are available in "read-only" format and can be printed from Expansys's website. Expansys will provide within two business days, without charge, to each person to whom a copy of this document has been sent, upon their written or verbal request, a copy of any information incorporated by reference in this document. Copies of any information incorporated by reference in this document will not be provided unless such a request is made.

Requests for copies of any such document should be directed to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or by calling Neville Registrars on telephone number 0121 585 1131 on Monday to Friday (other than UK public holidays). Calls to Neville

Registrars' 0121 585 1131 number are charged at your network provider's standard rate. Calls to Neville Registrars' 0121 585 1131 number from outside of the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

APPENDIX 3
ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The PDJ Bidco Director whose name is set out in paragraph 2 below, accepts responsibility for the information contained in this document other than that relating to the Expansys Group, the Expansys Directors, their immediate families, related trusts and connected persons. To the best of the knowledge and belief of the PDJ Bidco Director (who has taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Expansys Directors, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this document relating to the Expansys Group, the Expansys Directors, their immediate families, related trusts and connected persons other than the recommendation(s) and opinions of the Independent Expansys Directors relating to the Offer contained in the letter from the Chairman of Expansys set out in Part I of this document, for which only the Independent Expansys Directors accept responsibility as set out below. To the best of the knowledge and belief of the Expansys Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Independent Expansys Directors (being the Expansys Directors whose names are set out in paragraph 2(b) below with the exception of Mr. Jones and Mr. Vincent) accept responsibility for the recommendation and opinions of the Independent Expansys Directors relating to the Offer contained in the letter from the Chairman of Expansys set out in Part I of this document. To the best of the knowledge and belief of the Independent Expansys Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The PDJ Bidco Director and his functions are as follows:

<i>Name</i>	<i>Function</i>
Peter David Jones CBE	Chairman

PDJ Bidco is a private company limited by shares and incorporated in England and Wales under the Act with registered number 8877584. The registered office of PDJ Bidco is Network House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY.

- 2.2 The Expansys Directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
Bob Wigley	Non-executive Chairman
Peter Jones CBE	Non-executive Deputy Chairman
Anthony Catterson	Chief Executive Officer
Chris Ogle	Chief Financial Officer
Stephen Vincent	Non-executive Director
Graham Dowber	Non-executive Director
Brian Collie	Non-executive Director

Expansys is a public company limited by shares and incorporated in England and Wales under the Companies Act 1985 with registered number 03593277. The registered office of Expansys is Network House, Third Avenue, Globe Park, Marlow, Buckinghamshire SL7 1EY.

2.3 **Interests of the PDJ Bidco Director in relevant securities of PDJ Bidco**

As at the last day of the Disclosure Period, the interests of the PDJ Bidco Director and his immediate family, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant securities of PDJ Bidco were as follows:

<i>Name</i>	<i>Number of PDJ Bidco Shares</i>
Peter David Jones CBE	1

2.4 **Interests of Expansys in relevant securities of PDJ Bidco**

As at the last day of the Disclosure Period, Expansys was interested in no PDJ Bidco Shares.

2.5 **Interests of Expansys Directors in relevant securities of PDJ Bidco**

As at the last day of the Disclosure Period, other than the interests of Mr. Jones set out above, none of the Expansys Directors or their immediate families, related trusts and connected persons, held any interests in time relevant securities of PDJ Bidco.

3. **Interests in Expansys Shares**

3.1 **Interests of Expansys Directors in relevant securities of Expansys**

As at the last day of the Disclosure Period, the interests of the Expansys Directors and their immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant securities of Expansys were (with the exception of options in respect of Expansys Shares which are set out in paragraph 3.2 below) as follows:

<i>Name</i>	<i>Number of Expansys Shares</i>
Peter David Jones CBE	591,625,237
Stephen Mark Vincent	25,783,760 *
Bob Wigley	8,410,714
Brian Collie	8,052,324
Graham Dawber	1,339,000
Anthony Catterson	2,046,429
Chris Ogle	1,422,328

*Note *: Mr. Vincent's interest in 6,250,000 Expansys Shares of the 25,783,760 Shares disclosed above does not amount to a full beneficial interest in such Shares. The legal title to the 6,250,000 Expansys Shares concerned is held by Ardel Trust Company (Guernsey) Limited (previously Bachmann Trust Company Limited) in its capacity as trustee of the Employee Benefit Trust. Pursuant to the terms of a joint share ownership deed entered into by Mr. Vincent, Ardel Trust Company (Guernsey) Limited and Data Select Network Solutions, the 6,250,000 Expansys Shares concerned are held jointly by Mr. Vincent and Bachmann Trust Company Limited as tenants in common so that the beneficial entitlement of each of Mr. Vincent and Ardel Trust Company (Guernsey) Limited in relation to such 6,250,000 Expansys Shares as tenants in common on any date fluctuates according to the market value of an Expansys Share and is determined in accordance with the terms of the joint share ownership deed.*

The Independent Expansys Directors have irrevocably undertaken to accept, or procure the acceptance of, the Offer in respect of their entire beneficial holdings of 21,270,795 Expansys Shares (representing, in aggregate, approximately 1.83 per cent. of the entire existing issued share capital of Expansys).

3.2 **Interests of Expansys Directors in options over Expansys Shares**

As at the last day of the Disclosure Period, the following options in respect of Expansys Shares had been granted to the following Expansys Directors for nil consideration and remained outstanding under the Expansys Share Incentive Schemes:

<i>Name</i>	<i>Scheme</i>	<i>Date of Grant</i>	<i>Expansys Shares under option</i>	<i>Date option first becomes exercisable</i>	<i>Last exercise date</i>	<i>Exercise price in pence</i>
Bob Wigley	Incentive Share Plan	5 July 2010	8,928,571	5 July 2010	4 July 2020	5.6
Anthony Catterson	Incentive Share Plan	5 July 2010	28,906,250	27 July 2012	4 July 2020	5.6
Anthony Catterson	Incentive Share Plan	27 July 2011	4,735,423	27 July 2012	26 July 2021	1.3125
Chris Ogle	Incentive Share Plan	27 July 2011	9,470,845	27 July 2012	26 July 2021	1.3125

Each of the options disclosed above, other than the option granted to Bob Wigley, are subject to performance conditions and are only capable of exercise to the extent to which the relevant performance conditions are/have been met.

3.3 **Interests of PDJ Bidco in relevant securities of Expansys**

As at the last day of the Disclosure Period, PDJ Bidco was interested in no Expansys Shares.

3.4 **Interests of PDJ Bidco Director in relevant securities of Expansys**

As at the last day of the Disclosure Period, the interests of the PDJ Bidco Director and his immediate family, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant securities of Expansys were as follows:

<i>Name</i>	<i>Number of Expansys Shares</i>
Peter David Jones CBE	591,625,237

3.5 **Interests of persons acting in concert with PDJ Bidco in relevant securities of Expansys**

As at the last day of the Disclosure Period, the following persons acting in concert with PDJ Bidco (other than the PDJ Bidco Director) were interested in the following relevant securities of Expansys:

<i>Name</i>	<i>Number of Expansys Shares</i>
Stephen Mark Vincent	25,783,760 *
Clive Capp	150,271
Pat Capp	102,496
Beverly Halliday	2,000

*Note *: Please see the Note to paragraph 3.1 of this Appendix 3 for further details of Mr. Vincent's interest in 6,250,000 of the 25,783,760 Expansys Shares disclosed above.*

3.6 **Interests of persons with whom PDJ Bidco has an arrangement in relevant securities of Expansys**

As at the last day of the Disclosure Period, there were no persons with whom PDJ Bidco or any person acting in concert with PDJ Bidco had an arrangement who were interested in any relevant securities of Expansys.

3.7 **Interests of persons acting in concert with Expansys in relevant securities of Expansys**

As at the last day of the Disclosure Period, the interests of any person acting in concert with Expansys were as follows:

<i>Name</i>	<i>Number of Expansys Shares</i>
N/A	N/A

3.8 **Interests of persons with whom Expansys has an arrangement in relevant securities of Expansys**

As at the last day of the Disclosure Period, the following persons with whom Expansys or any person acting in concert with Expansys (other than the Expansys Directors) has an arrangement were interested in the following relevant securities of Expansys:

<i>Name</i>	<i>Number of Expansys Shares</i>
N/A	N/A
N/A	N/A

3.9 **Borrowing or lending of relevant securities of Expansys by PDJ Bidco**

As at the last day of the Disclosure Period neither PDJ Bidco nor any persons acting in concert with PDJ Bidco had borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 to Rule 4.6 of the Code) any relevant securities of Expansys.

3.10 **Borrowing or lending of relevant securities of Expansys by Expansys**

As at the last day of the Disclosure Period, neither Expansys nor any persons acting in concert with Expansys had borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 to Rule 4.6 of the Code) any relevant securities of Expansys.

4. **Dealings in Expansys Shares**

4.1 **Dealings in relevant securities of Expansys by Expansys Directors**

Dealings in the relevant securities of Expansys between the commencement of the Offer Period and the last day of the Disclosure Period by the Expansys Directors and their immediate families, related trusts and connected persons were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Expansys Shares</i>	<i>Price (p)</i>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

4.2 **Dealings in relevant securities of Expansys by PDJ Bidco and the PDJ Bidco Director**

Dealings in the relevant securities of Expansys during the Disclosure Period by PDJ Bidco, the PDJ Bidco Director and his immediate family, related trusts and connected persons were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Expansys Shares</i>	<i>Price (p)</i>
Peter David Jones CBE	15 January 2014	Acquisition	110,250,320	0.525
Peter David Jones	11 February 2014	Acquisition of	591,625,237	0.525

4.3 Dealings in relevant securities of Expansys by persons acting in concert with PDJ Bidco

Other than Mr. Jones, no person acting in concert with PDJ Bidco has had any dealings in the relevant securities of Expansys during the Disclosure Period.

4.4 Dealings in relevant securities of Expansys by persons with whom PDJ Bidco has an arrangement

No person with whom PDJ Bidco has an arrangement has had any dealings in the relevant securities of Expansys during the Disclosure Period.

4.5 Dealings in relevant securities of Expansys by persons acting in concert with Expansys

Dealings in the relevant securities of Expansys between the commencement of the Offer Period and the last day of the Disclosure Period by any person acting in concert with Expansys were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Expansys Shares</i>	<i>Price (p)</i>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

4.6 Dealings in relevant securities of Expansys by persons with whom Expansys has an arrangement

Dealings in the relevant securities of Expansys between the commencement of the Offer Period and the last day of the Disclosure Period by persons with whom Expansys or any person acting in concert with Expansys (other than the Expansys Directors) has an arrangement were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Expansys Shares</i>	<i>Price (p)</i>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

4.7 Purchases and redemptions of Expansys Shares

Purchases or redemptions of relevant securities of Expansys during the Disclosure Period were as follows:

<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Expansys Shares</i>	<i>Price (p)</i>
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

5. Irrevocable Undertakings

Irrevocable undertakings to accept, or procure the acceptance of, the Offer have been received by PDJ Bidco from the following persons in respect of the following interests in Expansys Shares:

<i>Name</i>	<i>Number of Expansys Shares</i>	<i>Percentage of existing issued share capital of Expansys (%)</i>
Bob Wigley	8,410,714	0.72%
Brian Collie	8,052,324	0.69%

Graham Dawber	1,339,000	0.12%
Anthony Catterson	2,046,429	0.18%
Chris Ogle	1,422,328	0.12%
Total	21,270,795	1.83%

Notes:

1. *These irrevocable undertakings to accept the Offer will cease to be binding if a higher competing offer is announced by a third party.*
2. *The number of Expansys Shares stated as being irrevocably committed excludes any Expansys Shares arising from the exercise of options granted pursuant to the Incentive Share Plan.*

6. Interests and dealings – General

- 6.1 As at the last day of the Disclosure Period, save as disclosed in this document, neither PDJ Bidco, nor any of the PDJ Bidco Directors, nor any member of their immediate families, related trusts or (so far as the PDJ Bidco Directors are aware) connected persons nor any persons acting in concert with PDJ Bidco nor any person with whom PDJ Bidco or any person acting in concert with PDJ Bidco has an arrangement, had an interest in, right to subscribe for, or any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to acquire another person to purchase or take delivery of, any relevant securities of Expansys, nor had any of the foregoing dealt in any relevant securities of Expansys during the Disclosure Period.
- 6.2 As at the last day of the Disclosure Period, save as disclosed in this document, neither PDJ Bidco nor any person acting in concert with PDJ Bidco has borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 to Rule 4.6 of the Code) any relevant securities of Expansys.
- 6.3 As at the last day of the Disclosure Period, save as disclosed in this document, neither Expansys, nor any of the Expansys Directors, nor any member of their immediate families, related trusts or (so far as the Expansys Directors are aware) connected persons had an interest in, right to subscribe for, or any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, any relevant securities of Expansys or any relevant securities of PDJ Bidco nor had any of the foregoing dealt in any relevant securities of Expansys or any relevant securities of PDJ Bidco from the commencement of the Offer Period until the last day of the Disclosure Period.
- 6.4 As at the last day of the Disclosure Period, save as disclosed in this document, no person acting in concert with Expansys and no person with whom Expansys or any person acting in concert with Expansys has an arrangement had an interest in, right to subscribe for, or any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, any relevant securities of Expansys nor had any of the foregoing dealt in any relevant securities of Expansys from the commencement of the Offer Period until the last day of the Disclosure Period.
- 6.5 As at the last day of the Disclosure Period, save as disclosed in this document, neither Expansys nor any person acting in concert with Expansys has borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 to Rule 4.6 of the Code) any relevant securities of Expansys.
- 6.6 As at the last day of the Disclosure Period, save as disclosed in this document, there were no arrangements between Expansys or any person acting in concert with Expansys and any other person.

- 6.7 As at the last day of the Disclosure Period, save as disclosed in this document, there were no arrangements between PDJ Bidco or any person acting in concert with PDJ Bidco and any other person.
- 6.8 Save as disclosed in this document, Expansys has not redeemed or purchased any Expansys Shares or any securities convertible into, rights to subscribe for or options in respect of, or derivatives referenced to Expansys Shares during the Disclosure Period.
- 6.9 Save as disclosed in this document, PDJ Bidco has not redeemed or purchased any PDJ Bidco Shares or any securities convertible into, rights to subscribe for or options in respect of, or derivatives referenced to PDJ Bidco Shares between the commencement of the Offer Period and the last day of the Disclosure Period.
- 6.10 For the purposes of this Appendix 3:
- (a) "acting in concert" has the meaning set out in the Code;
 - (b) "arrangement" has the meaning set out in Note 11 to the definition of acting in concert;
 - (c) "dealing" or "dealt" includes the following:
 - (i) the acquisition or disposal of securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) the exercise or conversion, whether in respect of new or existing relevant securities, of any relevant securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
 - (d) "derivative" includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
 - (e) "Disclosure Period" means the period commencing on 15 January 2013 (being the date 12 months prior to the commencement of the Offer Period) and ending on 11 February 2014 (being the latest practicable date prior to the publication of this document);
 - (f) "relevant securities of PDJ Bidco" means PDJ Bidco Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
 - (g) "relevant securities of Expansys" means Expansys Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
 - (h) ownership or control of 20 per cent. or more of the equity share capital is regarded as the test of associated company status and "control" means an interest or interests in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a

company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

- (i) a person is treated as having an "interest in securities" if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as "interested" in securities if:
- (i) he owns them;
 - (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, he;
 - (A) has the right or option to acquire them or call for their delivery; or
 - (B) is under an obligation to take delivery of them,whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) he is a party to any derivative:
 - (A) whose value is determined by reference to their price; and
 - (B) which results, or may result, in his having a long position in them.

7. Market quotations

The following table shows the closing middle market quotations of Expansys Shares, as derived from the AIM Appendix of the Daily Official List, for the following days:

- (a) the first business day in each of the six months immediately prior to the date of this document;
- (b) for 14 January 2014, being the last business day prior to the commencement of the Offer Period;
- (c) for 11 February 2014, being the latest practicable business day prior to the publication of this document:

<i>Date</i>	<i>Price (p)</i>
1 August	0.315
2 September	0.625
1 October	0.550
1 November	0.520
1 December	0.580
2 January	0.575
14 January	0.465
3 February	0.560
11 February	0.560

8. Expansys Directors' Service Agreements

8.1 Set out below are details of the service agreements or letters of appointment of each of the Expansys Directors:

- (a) Anthony Catterson has entered into a service agreement with the Company dated 16 June 2010, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £250,000 and membership of a private medical scheme. In addition, the Remuneration Committee may, at its discretion, make provision for a bonus scheme for Mr Catterson. Any pension contributions are sacrificed from his salary entitlement.
- (b) Chris Ogle has entered into a service agreement with the Company dated 16 May 2011, subject to termination upon 3 months' notice by either party. The agreement provides for an annual salary of £130,000, a discretionary annual bonus and membership of a private medical scheme. Any pension contributions are sacrificed from his salary entitlement.
- (c) The services of Bob Wigley as Non-Executive Director and Chairman are provided under the terms of an agreement with the Company dated 5 July 2010 subject to termination upon at least 6 months' notice, at a fee of £120,000 and anticipated cost reimbursement of approximately £8,400 per annum.
- (d) The services of Peter Jones as Non-Executive Director and Deputy Chairman are provided under the terms of an agreement with the Company dated 5 July 2010 subject to termination upon at least 3 months' notice, at a fee of £2,400 per annum.
- (e) The services of Graham Dawber as Non-Executive Director are provided under the terms of an agreement with the Company dated 12 March 2007 continuing until terminated upon at least 3 months' notice, at a fee of £20,000 per annum.
- (f) The services of Stephen Vincent as Non-Executive Director are provided under the terms of an agreement with the Company dated 28 May 2009 subject to termination upon at least 3 months' notice, at a fee of £24,000 per annum.
- (g) The services of Brian Collie as Non-Executive Director are provided under the terms of an agreement with the Company dated 1 November 2010 subject to termination upon at least 6 months' notice, at a fee of £20,000 per annum and up to £20,000 of Ordinary Shares per annum.

8.2 Except as stated above, none of the agreements set out in paragraph 8.1 above has been entered into or amended during the six months prior to the date of this document.

8.3 Save as disclosed above, there are no other contracts of service between the directors of Expansys and Expansys or any of its subsidiaries.

9. Material contracts

9.1 Other than as set out below, no contracts have been entered into by any company in the Expansys Group, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the commencement of the Offer Period.

9.2 Data Select Limited, a company ultimately beneficially owned by Mr. Jones, has a close trading relationship with the Group and, in 2009, extended to Expansys UK Limited ("**Expansys UK**"), a subsidiary of the Company, a trade credit facility ("**Trade Facility**"). As at the date of this document the amount owing and outstanding under the Trade Facility is approximately £0.6 million. Expansys UK's obligations and indebtedness outstanding to Data Select pursuant to the Trade Facility is secured by means of (1) fixed and floating charge debenture granted by each of the Company and Expansys UK in favour of Data Select and (ii) a separate deed of guarantee and indemnity granted by the Company in favour of Data Select. These arrangements were entered into on arm's length terms.

10. Financing arrangements

- 10.1 It is estimated that full acceptance of the Offer would require the payment by PDJ Bidco of a maximum of approximately £3.5 million in cash.
- 10.2 The cash consideration payable by PDJ Bidco will be financed by the PDJ Bidco Facility Agreement entered into between Mr. Jones and PDJ Bidco. Under the PDJ Bidco Facility Agreement, Mr. Jones has unconditionally agreed to lend up to £3.7 million to PDJ Bidco to finance the Offer (including any costs and expenses). The PDJ Bidco Facility Agreement is repayable upon demand (provided that such demand may not be made before the consideration in respect of the Offer has been satisfied in full). No interest is payable on the PDJ Bidco Facility Agreement unless otherwise agreed between Mr. Jones and PDJ Bidco. There is no security and the PDJ Bidco Facility Agreement contains no covenants.
- 10.3 WH Ireland is satisfied that the necessary financial resources are available to Mr. Jones and PDJ Bidco to enable it to satisfy the Offer in full.

11. Ratings

- 11.1 As at the commencement of the Offer Period, Expansys had no ratings and outlooks publicly accorded to it by ratings agencies.

12. Significant changes

- 12.1 There has been no significant change in the financial or trading position of Expansys since 31 October 2013 (the date to which the latest published interim results of Expansys were prepared).

13. Fees and expenses

13.1 *PDJ Bidco's fees and expenses*

The aggregate fees and expenses which are expected to be incurred by PDJ Bidco in connection with the Offer are estimated to amount to between £140,000 and £175,000 plus applicable value added tax. The aggregate number consists of the following categories:

	<i>Notes</i>	<i>Estimated cost (£)</i>
Financial and corporate broking advice		£75,000
Legal advice	(i)	£40,000 to £60,000
Other costs and expenses		£25,000
Aggregate fees and expenses		£140,000 to £175,000

Notes:

- (i) *This fee is not subject to a maximum amount because the amount of the fee will be calculated on a "time cost" basis.*

13.2 *Expansys's fees and expenses*

The aggregate fees and expenses which are expected to be incurred by Expansys in connection with the Offer are estimated to amount to £230,000 plus applicable value added tax. The aggregate number consists of the following categories:

	<i>Estimated cost (£)</i>
Financial and corporate broking advice	150,000
Legal advice	78,000
Accounting advice	N/A

Public relations advice	N/A
Other costs and expenses	2,000
Aggregate fees and expenses	230,000

14. Persons acting in concert

14.1 In addition to PDJ Bidco Group companies and their directors, for the purposes of the Code, the following persons and persons affiliated with them are deemed to be acting in concert with PDJ Bidco in respect of the Offer:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with PDJ Bidco</i>
WH Ireland Limited	Private Limited Company	11 St James Square Manchester M2 6WH	Financial adviser
Peter David Jones CBE	Individual	N/A	Director and owner
Stephen Mark Vincent	Individual	N/A	Concert party of Mr. Jones
Clive Capp	Individual	N/A	Family member
Pat Capp	Individual	N/A	Family member
Beverly Halliday	Individual	N/A	Family member

14.2 In addition to Expansys Group companies and their directors, for the purposes of the Code, the following persons and persons affiliated to them are deemed to be acting in concert with Expansys in respect of the Offer:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with Expansys</i>
N+1 Singer	Private Limited Company	1 Bartholomew Lane, London, EC2N 2AX	Financial adviser

15. Miscellaneous

15.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between PDJ Bidco or any person acting in concert with PDJ Bidco for the purposes of the Offer and any of the directors, or recent directors, shareholders or recent shareholders of Expansys or any person interested or recently interested in Expansys Shares having any connection with or dependence upon or which is conditional on the outcome of, the Offer.

15.2 Save as disclosed in this document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given by PDJ Bidco or any person acting in concert with PDJ Bidco for the purposes of the Offer to any Expansys Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

15.3 There are no agreements or arrangements to which PDJ Bidco is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition of the Offer.

15.4 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Expansys Shares acquired by PDJ Bidco pursuant to the Offer will be transferred to any other person, save that PDJ Bidco reserves the right to transfer any such shares to any of its subsidiaries.

15.5 The emoluments of the current PDJ Bidco Directors will not be affected by the Offer.

- 15.6 There are no incentivisation arrangements proposed between members of Expansys's management who are interested in Expansys Shares and PDJ Bidco.
- 15.7 WH Ireland has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 15.8 N+1 Singer has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 15.9 All references to time in this document and the Form of Acceptance are to London time unless the context provides otherwise.

16. Documents on display

- 16.1 A copy of this document is available free of charge at PDJ Bidco's and Expansys's websites at www.peterjones.com and www.expansys.plc.uk respectively until the end of the Offer Period.
- 16.2 Copies of the following documents (other than those documents set out in paragraphs (h) and (j) (to the extent not entered into in connection with the Offer)) have been published on PDJ Bidco's and Expansys's website at www.peterjones.com and www.expansys.plc.uk respectively and will be available until the end of the Offer Period:
- (a) the irrevocable undertakings to accept (or procure the acceptance of) the Offer referred to in paragraph 5 above;
 - (b) the PDJ Bidco Facility Agreement
 - (c) the memorandum and articles of association of PDJ Bidco;
 - (d) the memorandum and articles of association of Expansys;
 - (e) the consent letters referred to in paragraph 15.7 and 15.8 above;
 - (f) the material contract referred to in paragraph 12 above; and
 - (g) the Form of Acceptance.
- 16.3 For the avoidance of doubt, the content of the websites referred to in paragraphs 16.1 and 16.2 above is not incorporated into and does not form part of this document.

12 February 2014

APPENDIX 4 BASES AND SOURCES

Unless otherwise stated in this document:

- (a) financial information relating to Expansys has been extracted from the audited accounts of Expansys for the financial years ended 30 April 2013 and 30 April 2012 and the unaudited interim results for the six months ended 31 October 2013 as announced on 8 January 2014;
- (b) the value of the share capital of Expansys is calculated on the basis of 1,161,918,942 Expansys Shares in issue on 11 February 2014 (being the last business day prior to the publication of this document);
- (c) all share prices for Expansys Shares are derived from the AIM Appendix of the Daily Official List;
- (d) all share prices quoted for Expansys Shares are Closing Prices.

APPENDIX 5 DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Acquisition"	the acquisition by Mr. Jones of 110,250,320 Expansys Shares on the date of the Original Offer Announcement at a price of 0.525 pence per Share
"Act"	the Companies Act 2006 (as amended)
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules"	the rules governing the admission to, and operation of, AIM as set out in the AIM Rules for Companies published by the London Stock Exchange from time to time
"Announcement"	the announcement of the Offer, published on 12 February 2014
"Australia"	the commonwealth of Australia, its states, possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof
"Bidco Board" or "Bidco Directors"	the board of directors of Bidco
"business day"	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London
"Canada"	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction or any political subdivision thereof
"certificated" or "in certificated form"	in relation to a share or other security, not in uncertificated form (that is, not in CREST)
"Closing Price"	the closing middle market quotation of an Expansys Share as derived from the AIM Appendix of the Daily Official List
"Code"	the City Code on Takeovers and Mergers, issued by the Panel
"Conditions"	the conditions to the Offer which are set out in Appendix 1 to this document
"connected person"	as defined in in section 252 of the Act
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Manual"	the manual issued by Euroclear from time to time
"CREST member"	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
"CREST participant"	a person who is, in relation to CREST, a system- participant (as defined in the CREST Regulations)
"CREST payment"	has the meaning given to that term in the CREST Manual
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755)
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor

"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member
"Daily Official List"	the daily official list of the London Stock Exchange
"Data Select"	Data Select Limited
"Dealing Disclosure"	the announcement concerning dealings in relevant securities of any party to the Offer required for the purposes of Rule 8 of the Code
"DSNS" or "Data Select Network Solutions"	Data Select Network Solutions Limited
"Electronic Acceptance"	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
"electronic form"	as defined in the Code
"Employee Benefit Trust"	the employee benefit trust established pursuant to a trust deed dated 19 November 2009 entered into between Data Select Network Solutions and Ardel Trust Company (Guernsey) Limited (previously Bachmann Trust Company Limited), as amended
"ESA Instruction"	an Escrow Account Adjustment Input (AESN), transaction type "ESA" (as described in the CREST Manual)
"Euroclear"	Euroclear UK & Ireland Limited
"existing PDJ Bidco Shares"	the PDJ Bidco Shares in issue at the date of this document
"Expansys"	Expansys plc (incorporated in England and Wales under the Companies Act 1985 (with registered number 03593277), whose registered office is at Network House, Globe Park, Marlow, Buckinghamshire, SL7 1EY
"Expansys Directors" or "Expansys Board"	the board of directors of Expansys and "Expansys Director" means any member of the Expansys Board
"Expansys Group" or the "Group"	Expansys, its subsidiaries, its holding companies, and the subsidiaries of its holding companies and, where the context so permits, each of them
"Expansys Shareholders" or "Shareholders"	holders of Expansys Shares
"Expansys Share Incentive Scheme Participant"	a participant in any of the Expansys Share Incentive Schemes
"Expansys Share Incentive Schemes"	the Incentive Share Plan and the JSOP
"Expansys Shares" or "Shares"	the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 0.25 pence each in the capital of Expansys and any further such shares which are unconditionally allowed or issued and fully paid or credited as fully paid before the date on which the Offer ceases to be open for acceptance (or such earlier date, as PDJ Bidco may, subject to the Code, decide)
"FCA"	the UK Financial Conduct Authority
"Form of Acceptance"	the form of acceptance and authority relating to the Offer in respect of certificated Expansys Shares

"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"hard copy form"	as defined in the Code
"Incentive Share Plan"	the Expansys plc 2010 Incentive Share Plan
"HMRC"	HM Revenue & Customs
"Independent Expansys Directors"	the Expansys Directors other than Mr. Jones and Mr. Vincent
"Japan"	Japan, its cities, prefectures, territories and possessions
"JSOP"	the joint ownership arrangements pursuant to which a joint ownership in Expansys Shares may be held by an individual as a tenant in common with the trustee of the Employee Benefit Trust
"Listing Rules"	the Listing Rules of the FCA made pursuant to section 73A of the FSMA
"London Stock Exchange"	London Stock Exchange plc
"member account ID"	the identification code or number attached to any member account in CREST
"Mr. Jones"	Peter David Jones CBE
"Mr. Vincent"	Stephen Mark Vincent
"N+1 Singer"	Nplus1 Singer Advisory LLP, adviser to Expansys, authorised and regulated by the FCA
"Neville Registrars" or "Escrow Agent"	Neville Registrars Limited
"Offer"	the offer by PDJ Bidco, on the terms and subject to the conditions set out in this document and the Form of Acceptance (in respect of certificated Expansys Shares), to acquire all of the Expansys Shares (including, where the context requires, any subsequent revision, variation, extension or renewal of such offer)
"Offer Document"	this document
"Offer Period"	has the meaning set out in Part B of Appendix 1 to this document
"Offer Price"	0.62 pence per Expansys Share in cash
"Opening Position Disclosure"	the announcement required for the purposes of Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Offer if the person concerned has such a position
"Original Offer Announcement"	the announcement released by Mr. Jones on 15 January 2014 in accordance with Rule 2.7 of the Code
"Panel"	the Panel on Takeovers and Mergers
"participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant

"PDJ Bidco"	PDJ Bidco (incorporated in England and Wales under the Act with registered number 8877584), whose registered office is at Network House, Third Avenue, Globe Park, Marlow, Buckinghamshire SL7 1EY
"PDJ Bidco Directors" or "PDJ Bidco Board"	the board of directors of PDJ Bidco and "PDJ Bidco Director" means any member of the PDJ Bidco Board
"PDJ Bidco Facility Agreement"	the loan facility agreement between PDJ Bidco and Mr. Jones, details of which are set out at paragraph 10 of Appendix 3 to this document
"PDJ Bidco Shareholders"	holders of existing PDJ Bidco Shares
"PDJ Bidco Shares"	ordinary shares of 1 penny each of PDJ Bidco
"persons with information rights"	as defined in the Code
"PJ Media"	PJ Media Limited
"pounds", "£", "pence", "p" or "Sterling"	the lawful currency of the United Kingdom
"Regulatory Information Service"	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules
"Restricted Jurisdiction"	the United States, Canada, Australia or Japan or any other jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction
"TFE Instruction"	a transfer from escrow instruction (as defined in the CREST Manual)
"TTE Instruction"	a transfer to escrow instruction (as defined in the CREST Manual)
"uncertificated" or "in uncertificated form"	in relation to a share or other security, recorded on the relevant register in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"US Securities Act"	the United States Securities Act 1933, as amended
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
"VPS"	The Virtual Phone Store Limited
"WH Ireland"	WH Ireland Limited, financial adviser to PDJ Bidco, authorised and regulated by the FCA

In this document, the expressions "subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking" have the meanings given by the Act.

In this document, references to the singular include the plural and vice versa, unless the context otherwise requires. All references to time in this document are to London time.