

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

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 Increased and Final 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 Increased and Final 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 Increased and Final 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 Increased and Final 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.

Increased and Final Recommended Cash Offer

by

PDJ Bidco Limited

for

Expansys plc

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE ORIGINAL OFFER DOCUMENT. YOU SHOULD READ THE WHOLE OF THIS DOCUMENT. IN ADDITION, THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE FORM OF ACCEPTANCE (IF YOU HOLD EXPANSYS SHARES IN CERTIFICATED FORM).

UNDER THE TERMS OF THE ORIGINAL OFFER, ACCEPTANCES OF THE ORIGINAL OFFER ARE DEEMED TO BE ACCEPTANCES OF THE INCREASED AND FINAL OFFER. ACCORDINGLY, EXPANSYS SHAREHOLDERS WHO HAVE VALIDLY ACCEPTED AND NOT VALIDLY WITHDRAWN THEIR ACCEPTANCES OF THE ORIGINAL OFFER WILL RECEIVE THE CONSIDERATION PAYABLE UNDER THE INCREASED AND FINAL OFFER AND NEED THEREFORE TAKE NO FURTHER ACTION.

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 Increased and Final Offer.

To accept the Increased and Final 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 28 March 2014. A reply-paid envelope for use within the UK accompanies this document for your convenience. The procedure for acceptance of the Increased and Final Offer in respect of certificated Expansys Shares is set out in paragraph 6(a) of Part II of this document and in the accompanying Form of Acceptance.

To accept the Increased and Final 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 28 March 2014. The procedure for acceptance of the Increased and Final Offer in respect of uncertificated Expansys Shares is set out in paragraph 6(b) of Part II of this document.

Unless otherwise determined by PDJ Bidco and permitted by applicable law and regulation, the Increased and Final 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 Increased and Final 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 Increased and Final 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 the Original Offer Document before taking any action.

The availability of the Increased and Final 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 INCREASED AND FINAL 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 6(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 28 March 2014.
- (b) If you hold Expansys Shares in uncertificated form, you should follow the procedures set out in paragraph 6(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 28 March 2014.

If you have any questions about the Increased and Final 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 Increased and Final Offer or to provide financial, legal or tax advice.

Copies of this document (and any information incorporated into it (including by reference to another source)) sent to persons in electronic form or by means of being published on Mr. Jones' and/or Expansys' websites and all future documents, announcements and information required to be sent to persons in relation to the Increased and Final 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 CLOSING DATE OF THE INCREASED AND FINAL OFFER IS 3.00 P.M. ON 28 March 2014

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 2.12 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, any information incorporated into it by reference to another source, 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/latest-news/ and www.expansys.plc.uk/news 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, any information incorporated into it (including by reference to another source), and all future documents, announcements and information required to be sent to persons in relation to the Increased and Final 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*)

14 March 2014

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

Dear Expansys Shareholder,

Increased and Final Recommended Cash Offer by PDJ Bidco Limited for Expansys plc

1. Introduction

The PDJ Bidco Directors and the Independent Expansys Directors are now pleased to set out the terms of an increased and final cash offer (which was announced on 27 February 2014) to acquire the Expansys Shares to which the Offer relates at a price of 0.65 pence per share, which represents an increase of approximately 24 per cent. over the minimum mandatory price of 0.525 pence per Expansys Share that applied at the time of the Original Offer and a premium of 40 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 purpose of this letter is to explain the background to the Increased and Final Offer and the reasons why the Independent Expansys Directors, having been advised by N+1 Singer, unanimously recommend the Increased and Final Offer for acceptance by Expansys Shareholders, having previously stated on 27 February 2014 that they would do so.

Each of the Independent Expansys Directors has irrevocably undertaken to accept the Original Offer and/or has accepted the Original Offer 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.

As at 13 March 2014 (being the latest practicable date prior to publication of this document:

- the interests (all of which are beneficial) of the PDJ Bidco Directors and their respective related parties in Expansys Shares comprised 612,416,726 Expansys Shares, representing approximately 52.71 per cent. of the issued ordinary share capital of Expansys;
- PDJ Bidco had received valid acceptances from Expansys Shareholders in respect of 185,061,739 Expansys Shares representing approximately 15.93 per cent. of the issued ordinary share capital of Expansys; and
- PDJ Bidco has received an irrevocable undertaking to accept the Increased and Final Offer from MDI and Mr Paul McMahon in respect of a further 117,000,000 Expansys Shares (representing approximately 10.07 per cent. of the existing ordinary share capital of Expansys).

The aggregate of the existing holding of PDJ Bidco, Mr. Jones and the persons acting in concert with him, together with the Expansys Shares in respect of which valid acceptances have been received or which are subject to the irrevocable undertakings referred to above, represents 927,710,622 Expansys Shares or 79.84 per cent. of the entire issued share capital of Expansys.

Expansys Shareholders who have not already validly accepted the Original Offer should be aware that Expansys has applied, at the request of PDJ Bidco, for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules. Further information regarding the timing and implications of such cancellation are set out in paragraph 5 below.

Pursuant to the terms of the Original Offer, Expansys Shareholders who have previously validly accepted the Original Offer (and who have not validly withdrawn those acceptances) will automatically be deemed to have accepted the terms of the increased and Final Offer by virtue of their prior acceptances and therefore need take no further action.

In accordance with Rule 9 of the Code the Increased and Final Offer is 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 Increased and Final 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.

2. **The Increased and Final Offer**

In accordance with Rule 9 of the Code, the Increased and Final Offer is unconditional and subject to the further terms set out in Appendix 1 of this document and (for Shareholders who hold their Shares in certificated form) the Form of Acceptance. The Increased and Final 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 – 0.65 pence in cash

The Increased and Final Offer values the whole of the issued share capital of Expansys at approximately £7.55 million.

The Increased and Final Offer price represents a premium of approximately:

- 40 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);
- 22 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;
- 20 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
- 29 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.

PDJ Bidco's Increased and Final Offer of 0.65 pence per Expansys Share is full and final and will not be increased.

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 Increased and Final Offer.

3. **Background to the Increased and Final Offer**

Since announcing the Original Offer and posting the Original Offer Document on 12 February 2014,

PDJ Bidco has received an irrevocable undertaking from MDI and Paul McMahon to accept, or procure the acceptance of the Increased and Final Offer in respect of the beneficial interests of MDI in Expansys Shares amounting to 117,000,000 Expansys Shares representing approximately 10.07 per cent of the entire issued ordinary share capital of Expansys. Accordingly, the Increased and Final Offer is being made at the same price as that provided in the most recently obtained irrevocable undertaking referred to above.

4. **Recommendation and Interests of PDJ Bidco**

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

Recommendation

The Independent Expansys Directors, having given due consideration to numerous factors set out in the Original Offer Document and having been advised by N+1 Singer, unanimously recommended that Expansys Shareholders accept the Original Offer of 0.62 pence per Expansys Share. As the Increased and Final Offer is at a higher price, the Independent Expansys Directors have taken further advice from N+1 Singer and recommend unanimously the Increased and Final Offer for acceptance by Expansys Shareholders. In providing advice to the Independent Expansys Directors, N+1 Singer has taken into account the commercial assessments of the Independent Expansys Directors.

The Original Offer Document is available from the websites referred to in paragraph 8 below and contains details of the numerous factors which were duly considered by the Independent Expansys Directors in relation to the Original Offer and which the Independent Directors continue to consider relevant to their decision to recommend the Increased and Final Offer.

Expansys Shareholders who have not already validly accepted the Original Offer should be aware that PDJ Bidco has received acceptances, irrevocable commitments to sell or has, together with its concert party members, voting control of shares in aggregate amounting to 79.84 per cent. of the issued share capital of Expansys. As stated in the 'Recommendation' and 'Future Strategy' sections of the Original Offer Document and in the letter from PDJ Bidco in Part II of the Original Offer Document, Expansys Shareholders are reminded that, as a consequence of the controlling position of PDJ Bidco:

- Application has been made, at the request of PDJ Bidco, for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules, which is expected to take place on 14 April 2014. After this date there will be significantly reduced liquidity and marketability of any Expansys Shares not assented to the Increased and Final Offer;
- PDJ Bidco's strategic objective is to combine the businesses of Data Select and Expansys, which is likely to involve the issue of a significant number of new shares in Expansys to Mr. Jones as consideration for the sale of Data Select and would significantly dilute any remaining holders of Expansys Shares; and
- Following cancellation of its shares from Admission to trading on AIM, Expansys will be re-registered as a private company and, as a result, the rights of minority shareholders will be significantly reduced - for instance, there will be no requirement for the holding of shareholder meetings or Annual General Meetings nor for Expansys Shareholders to approve the annual report and accounts.

Furthermore, Expansys Shareholders are reminded that, after the Increased and Final Offer has closed, PDJ Bidco will not be obliged to make any further offer in the future (as PDJ Bidco would have 'buying freedom' under the Code for as long as it owns in excess of 50 per cent. of the issued share capital of Expansys).

The Increased and Final Offer provides Expansys Shareholders with immediate certainty of value and the opportunity to realise their holdings 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.

Each of the Independent Expansys Directors has irrevocably undertaken to accept and/or has accepted the Original Offer 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) and such undertakings and/or acceptances remain in effect in respect of the Increased and Final Offer.

Interests of PDJ Bidco and irrevocable undertaking

As at 13 March 2014 (being the latest practicable date prior to publication of this document:

- the interests (all of which are beneficial) of the PDJ Bidco Directors and their respective related parties in Expansys Shares comprised 612,416,726 Expansys Shares, representing approximately 52.71 per cent. of the issued ordinary share capital of Expansys;
- PDJ Bidco has received valid acceptances from Expansys Shareholders in respect of 185,061,739 Expansys Shares representing approximately 15.93 per cent. of the issued ordinary share capital of Expansys; and
- PDJ Bidco has received an irrevocable undertaking to accept the Increased and Final Offer from MDI and Mr Paul McMahon in respect of a further 117,000,000 Expansys Shares (representing approximately 10.07 per cent. of the existing ordinary share capital of Expansys).

The aggregate of the existing holding of PDJ Bidco, Mr. Jones and persons acting in concert with him, together with the Expansys Shares in respect of which valid acceptances have been received or which are subject to the irrevocable undertakings referred to above, represents 927,710,622 Expansys Shares or 79.84 per cent. of the entire issued share capital of Expansys.

5. Cancellation of trading and re-registration

As PDJ Bidco has acquired or agreed to acquire more than 75 per cent. of the voting rights attached to the Expansys Shares, PDJ Bidco has requested that Expansys applies for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules.

Such application for cancellation has now been made to the London Stock Exchange in accordance with AIM Rule 41 and it is anticipated that the cancellation of admission to trading on AIM is expected to take effect from 7 a.m. on 14 April 2014, this being the date 20 clear business days from the date of notification of the intended cancellation by Expansys, which is being made concurrently with announcement of the posting of this document.

Expansys Shareholders should note that the cancellation will significantly reduce the liquidity and marketability of Expansys Shares not assented to the Increased and Final Offer at that time. Once cancellation has taken effect, Expansys shareholders not assented to the Increased and Final Offer will have to effect any further transactions in Expansys Shares off market at a price to be agreed between the relevant parties (to the extent that compulsory acquisition measures do not apply, as described in paragraph 6 below); Expansys Shareholders should be aware that there is no certainty of there being any opportunity to effect any such transaction following such cancellation.

Following such cancellation, Expansys will be re-registered as a private company under the relevant provisions of the Companies Act 2006.

6. Compulsory acquisition

If PDJ Bidco receives acceptances under the Increased and Final Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the Expansys Shares to which the Increased and Final Offer relates (and 90 per cent. or more of the voting rights carried by Expansys Shares to which the Increased and Final 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 Increased and Final Offer has not been accepted.

7. Action to be taken to accept the Increased and Final Offer

Pursuant to the terms of the Original Offer Document, Expansys Shareholders who have previously validly accepted the Original Offer (and who have not validly withdrawn those

acceptances) will automatically be deemed to have accepted the terms of the Increased and Final Offer by virtue of their prior acceptances and therefore need take no further action.

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 Increased and Final Offer is set out in paragraph 6 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 Increased and Final 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 Increased and Final 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 6(a) 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 28 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 Increased and Final 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 6(b) 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 28 March 2014.

Details of the settlement procedure in respect of the Increased and Final Offer are contained in paragraph 7 of the letter from PDJ Bidco in Part II of this document.

If you are in any doubt about the Increased and Final Offer and/or the action you should take, you should 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.

8. Disclosure on website

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

- (a) the irrevocable undertaking referred to in paragraph 4 above;
- (b) the documents relating to the financing of PDJ Bidco;
- (c) the material contract contained in paragraph 9 of Appendix 2 of the Original Offer Document;
- (d) the Original Offer Document; and
- (e) this document.

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.

9. General

The Increased and Final 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 Increased and Final Offer Document has also been made available to the employees of Expansys or their representatives.

10. **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

14 March 2014

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

Dear Expansys Shareholder,

Increased and Final Recommended Cash Offer by PDJ Bidco Limited for Expansys plc

1. Introduction

On 27 February 2014 PDJ Bidco announced the terms of an increased and final cash offer to acquire the Expansys Shares to which the Offer relates at a price of 0.65 pence per Expansys Share. I am now pleased to set out the terms of the Increased and Final Offer by PDJ Bidco, which are set out in this document and the accompanying Form of Acceptance (in respect of certificated Expansys Shares).

As set out in the letter from the Chairman of Expansys in Part I of this document, this Increased and Final 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 Increased and Final Offer.

As at 13 March 2014 (being the latest practicable date prior to publication of this document:

- the interests (all of which are beneficial) of the PDJ Bidco Directors and their respective related parties in Expansys Shares comprised 612,416,726 Expansys Shares, representing approximately 52.71 per cent. of the issued ordinary share capital of Expansys;
- PDJ Bidco had received valid acceptances from Expansys Shareholders in respect of 185,061,739 Expansys Shares representing approximately 15.93 per cent. of the issued ordinary share capital of Expansys; and
- PDJ Bidco has received an irrevocable undertaking to accept the Increased and Final Offer from MDI and Mr Paul McMahon in respect of a further 117,000,000 Expansys Shares (representing approximately 10.07 per cent. of the existing ordinary share capital of Expansys).

The aggregate of the existing holding of PDJ Bidco, Mr. Jones and persons acting in concert with him, together with the Expansys Shares in respect of which valid acceptances have been

received or which are subject to the irrevocable undertakings referred to above, represents 927,710,622 Expansys Shares or 79.84 per cent. of the entire issued share capital of Expansys.

Expansys Shareholders who have not already validly accepted the Original Offer should be aware that Expansys has applied, at the request of PDJ Bidco, for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules. Further information regarding the timing and implications of such cancellation are set out in paragraph 8 below.

Pursuant to the terms of the Original Offer, Expansys Shareholders who have previously validly accepted the Original Offer (and who have not validly withdrawn those acceptances) will automatically be deemed to have accepted the terms of the increased and Final Offer by virtue of their prior acceptances and therefore need take no further action.

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 Increased and Final Offer.

In particular, Expansys Shareholders are reminded that those who have not already validly accepted the Original Offer should be aware that PDJ Bidco has received acceptances, irrevocable commitments to sell or has, together with its concert party members, voting control of shares in aggregate amounting to 79.84 per cent. of the issued share capital of Expansys. As stated in the 'Recommendation' and 'Future Strategy' sections of the Original Offer Document and in the letter from PDJ Bidco in Part II of the Original Offer Document, Expansys Shareholders are reminded that, as a consequence of the controlling position of PDJ Bidco:

- Application has been made, at the request of PDJ Bidco, for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules, which is expected to take place on 14 April 2014. After this date there will be significantly reduced liquidity and marketability of any Expansys Shares not assented to the Increased and Final Offer;
- PDJ Bidco's strategic objective is to combine the businesses of Data Select and Expansys, which is likely to involve the issue of a significant number of new shares in Expansys to Mr. Jones as consideration for the sale of Data Select and would significantly dilute any remaining holders of Expansys Shares; and
- Following cancellation of its shares from Admission to trading on AIM, Expansys will be re-registered as a private company and, as a result, the rights of minority shareholders will be significantly reduced - for instance, there will be no requirement for the holding of shareholder meetings or Annual General Meetings nor for Expansys Shareholders to approve the annual report and accounts.

Furthermore, Expansys Shareholders are reminded that, after the Increased and Final Offer has closed, PDJ Bidco will not be obliged to make any further offer in the future (as PDJ Bidco would have 'buying freedom' under the Code for as long as it owns in excess of 50 per cent. of the issued share capital of Expansys).

The Increased and Final Offer provides Expansys Shareholders with immediate certainty of value and the opportunity to realise their holdings 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.

Each of the Independent Expansys Directors has irrevocably undertaken to accept and/or has accepted the Original Offer 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) and such undertakings and/or acceptances remain in effect in respect of the Increased and Final Offer.

2. **The Increased and Final Offer**

The Increased and Final Offer is unconditional and is subject to the further terms set out in Appendix 1 of the Original Offer Document and (for Shareholders who hold their Shares in certificated form) the Form of Acceptance. The Increased and Final 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 – 0.65 pence in cash

The Increased and Final Offer values the entire issued share capital of Expansys at approximately £7.55 million.

The Increased and Final Offer Price represents a premium of approximately:

- 40 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);
- 22 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;
- 20 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
- 29 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.

PDJ Bidco's Increased and Final Offer of 0.65 pence per Expansys Share is full and final and will not be increased.

Pursuant to the terms of the Original Offer Document, Expansys Shareholders who have previously validly accepted the Original Offer (and who have not validly withdrawn those acceptances) will automatically be deemed to have accepted the terms of the Increased and Final Offer by virtue of their prior acceptances and therefore need take no further action.

Forms of Acceptance (in respect of certificated Expansys Shares) in relation to the Increased and Final Offer should be received as soon as possible but in any event by not later than 3.00 p.m. on 28 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 28 March 2014. The procedure for acceptance of the Increased and Final Offer is set out in paragraph 6 of this letter and in Parts C and D of Appendix 1 to the Original Offer Document.

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

3. **Background to the Increased and Final Offer**

Since announcing the Original Offer and posting the Original Offer Document on 12 February 2014, PDJ Bidco has received an irrevocable undertaking from MDI and Paul McMahon to accept, or procure the acceptance of the Increased and Final Offer in respect of the beneficial interests of MDI in Expansys Shares amounting to 117,000,000 Expansys Shares representing approximately 10.07 per cent. of the entire issued ordinary share capital of Expansys.

In accordance with the Takeover Code, the Increased and Final Offer is being made at the same price as that provided in the most recently obtained irrevocable undertaking referred to above.

4. **Further details of the Increased and Final Offer**

The Expansys Shares to be acquired by PDJ Bidco pursuant to the Increased and Final 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.

5. **Interests of PDJ Bidco and irrevocable undertaking**

As at 13 March 2014 (being the latest practicable date prior to publication of this document):

- the interests (all of which are beneficial) of the PDJ Bidco Directors and their respective related parties in Expansys Shares comprised 612,416,726 Expansys Shares, representing approximately 52.71 per cent. of the issued ordinary share capital of Expansys;
- PDJ Bidco had received valid acceptances from Expansys Shareholders in respect of 185,061,739 Expansys Shares representing approximately 15.93 per cent. of the issued ordinary share capital of Expansys; and
- PDJ Bidco has received an irrevocable undertaking to accept the Increased and Final Offer from MDI in respect of a further 117,000,000 Expansys Shares (representing approximately 10.07 per cent. of the existing ordinary share capital of Expansys).

The aggregate of the existing holdings of PDJ Bidco, me and persons acting in concert with me, together with the Expansys Shares in respect of which valid acceptances have been received or which are subject to the irrevocable undertaking referred to above, represents 927,710,622 Expansys Shares or 79.84 per cent. of the entire issued share capital of Expansys.

6. **Procedures for acceptance of the Increased and Final Offer**

The following paragraphs should be read in conjunction with Appendix 1 to the Original Offer Document and, in respect of Expansys Shares held in certificated form, the instructions and notes on the accompanying Form of Acceptance, all of which are deemed to form part of the terms of the Increased and Final Offer.

Under the terms of the Original Offer, acceptances of the Original Offer are deemed to be acceptances of the Increased and Final Offer. Accordingly, Expansys Shareholders who have already validly accepted and not validly withdrawn their acceptances of the Original Offer will receive the consideration payable under the Increased and Final Offer and therefore need to take no further action.

Holders of Expansys Shares in certificated form may only accept the Increased and Final Offer in respect of such Shares by completing and returning the accompanying Form of Acceptance in accordance with the procedure set out in paragraph 6(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 Increased and Final Offer in respect of such Shares by TTE Instruction in accordance with the procedure set out in paragraph 6(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 6(a) or 6(b) below alter for any reason.

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

(i) *To accept the Increased and Final Offer*

To accept the Increased and Final Offer in respect of Expansys Shares held in certificated form (at the time of acceptance of the Increased and Final 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 Increased and Final 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 as soon as possible and in any event so as to be received by not later than 3.00 p.m. on 28 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 Increased and Final Offer. For further information on Overseas Shareholders please see paragraph 6(b)(iii) of this Part II.

(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 28 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' 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 the Original Offer Document, PDJ Bidco reserves the right to treat as valid any acceptance of the Increased and Final 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 Increased and Final 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 the Original Offer Document and to the relevant provisions of the Form of Acceptance.

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

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

(i) *To accept the Increased and Final Offer*

If, at the time of acceptance of the Increased and Final 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 Increased and Final 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 28 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 6(b) will (subject to satisfying the requirements set out in Parts B and D of Appendix 1 to the Original Offer Document) constitute an acceptance of the Increased and Final 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 Increased and Final Offer in respect of Expansys Shares held in uncertificated form (at the time of acceptance of the Increased and Final 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 Increased and Final 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 28 March 2014;
- the corporate action number for the Increased and Final 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 GB00B1VMLL97;
- 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 the Original Offer 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 28 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 Increased and Final Offer and will be disregarded. Holders of Expansys Shares in uncertificated form who wish to accept the Increased and Final Offer should note that a TTE Instruction will only be a valid acceptance of the Increased and Final 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 28 March 2014 (or such later date to which the Increased and Final Offer may be extended) but before the relevant closing date of the Increased and Final Offer as a valid acceptance of the Increased and Final 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 the Original Offer Document. The Increased and Final Offer is not being made, directly or indirectly, in or into or from a Restricted Jurisdiction. Any acceptance of the Increased and Final Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part D of Appendix 1 to the Original Offer 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 Increased and Final 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 Increased and Final 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 28 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 6(a)(ii) 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.

7. Settlement

Settlement of the consideration to which any Expansys Shareholder is entitled under the Increased and Final Offer (except as provided in paragraph 6 of Part B of Appendix 1 to the Original Offer 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 Shares 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.

8. Cancellation of admission of Expansys Shares to trading on AIM and re-registration

As PDJ Bidco has acquired or agreed to acquire more than 75 per cent. of the voting rights attached to the Expansys Shares, PDJ Bidco has requested that Expansys applies for the cancellation of admission to trading of Expansys Shares on AIM in accordance with the AIM Rules.

Such application for cancellation has now been made to the London Stock Exchange in accordance with AIM Rule 41 and it is anticipated that cancellation of admission to trading on AIM is expected to take effect from 7 a.m. on 14 April 2014, this being the date 20 clear business days from the date of notification of the intended cancellation by Expansys, which is being made concurrently with announcement of the posting of this document.

Expansys Shareholders should note that the cancellation will significantly reduce the liquidity

and marketability of Expansys Shares not assented to the Increased and Final Offer at that time. Once cancellation has taken effect, Expansys shareholders not assented to the Increased and Final Offer will have to effect any further transactions in Expansys Shares off market at a price to be agreed between the relevant parties (to the extent that compulsory acquisition measures do not apply, as described in paragraph 6 below); Expansys shareholders should be aware that there is no certainty of there being any opportunity to effect any such transaction following such cancellation.

Following such cancellation, Expansys will be re-registered as a private company under the relevant provisions of the Companies Act 2006.

9. **Compulsory acquisition**

If PDJ Bidco receives acceptances under the Increased and Final Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the Expansys Shares to which the Increased and Final Offer relates (and 90 per cent. or more of the voting rights carried by Expansys Shares to which the Increased and Final 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 Increased and Final Offer has not been accepted.

10. **Further information**

The further terms of the Increased and Final Offer are set out in full in Appendix 1 to the Original Offer Document. Your attention is drawn to the further information contained in the Appendices to this document and to the Original Offer Document, which form part of this document, and to the accompanying Form of Acceptance (in respect of certificated Expansys Shares), each of which should be read in conjunction with this document.

11. **Action to be taken**

Under the terms of the Original Offer, acceptances of the Original Offer are deemed to be acceptances of the Increased Offer. Accordingly, Expansys Shareholders who have already validly accepted and have not validly withdrawn their acceptances of the Original Offer will receive the consideration payable under the Increased and Final Offer and need therefore take no further action.

To accept the Increased and Final 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 as soon as possible and in any event so as to be received by no later than 3.00 p.m. on 28 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 Increased and Final Offer electronically through CREST. You should take the action set out in paragraph 6(b) of this letter and ensure that the TTE Instruction settles not later than 3.00 p.m. on 28 March 2014.

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

APPENDIX 1
FURTHER TERMS OF THE INCREASED AND FINAL OFFER

The further terms of the Increased and Final Offer remain as set out in the Original Offer Document, save that:

- The price per Expansys Share to be paid under the Increased and Final Offer shall be increased to 0.65 pence per share.
- "Day 21 of the Offer" means 28 March 2014.
- The Increased and Final Offer is a revision of the Original Offer and shall be construed accordingly.
- The Increased and Final Offer is, save as set out in this document, made on and subject to the further terms of the Original Offer set out in Parts B, C and D of Appendix 1 to the Original Offer Document, which shall be deemed to be incorporated in, and form part of, this Appendix.
- Except where the context requires otherwise, any reference in the Original Offer Document including, in particular, Parts B, C and D of Appendix 1 to the Original Offer Document and in the Form of Acceptance:
 - to the "**Offer**" shall mean the Increased and Final Offer;
 - to "**5 March 2014**" shall now be construed as a reference to 28 March 2014;
 - to "**acceptances of the Offer**" shall include acceptances and deemed acceptances of the Increased and Final Offer;
 - to "**this document**" or "**the Offer Document**" shall, where the context requires, mean the Original Offer Document, this document and any other document containing the Increased and Final Offer.
- Acceptances of the Original Offer shall be deemed to be acceptances of the Increased and Final Offer. Therefore, if you have already validly accepted (and not validly withdrawn your acceptance of) the Original Offer, you are not required to take any further action in respect of the Increased and Final Offer. A new Form of Acceptance in respect of the Increased and Final Offer accompanies this document for Shareholders who hold their Expansys Shares in certificated form. However, for the avoidance of doubt, any acceptances received on the Form of Acceptance accompanying the Original Offer Document shall still be accepted, but in respect of the Increased and Final Offer.

**APPENDIX 2
ADDITIONAL INFORMATION**

1. Responsibility

- 1.1 The PDJ Bidco Director whose name is set out on page 12 of this document, 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 on page 6 of this document, 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 Increased and Final 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 on page 6 of this document with the exception of Mr. Jones and Mr. Vincent) accept responsibility for the recommendation and opinions of the Independent Expansys Directors relating to the Increased and Final 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. 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	612,416,726

3. 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 CBE / PDJ Bidco	11 February 2014	Acquisition of Expansys Shares by PDJ Bidco from Mr. Jones	591,625,237	0.525
PDJ Bidco	14 February 2014	Acquisition	2,816,023	0.62
PDJ Bidco	28 February 2014	Acquisition	1,000,000	0.649
PDJ Bidco	3 March 2014	Acquisition	6,692,761	0.65
PDJ Bidco	7 March 2014	Acquisition	10,282,705	0.65

4. Interests and dealings – General

For the purposes of this Appendix 2:

- (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 13 March 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.

5. 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 13 March 2014, being the latest practicable business day prior to the publication of this document:

<i>Date</i>	<i>Price (p)</i>
1 August 2013	0.315
2 September 2013	0.625
1 October 2013	0.550
1 November 2013	0.520
1 December 2013	0.580
2 January 2014	0.575
14 January 2014	0.465
3 February 2014	0.560
3 March 2014	0.625
13 March 2014	0.655

6. Cash Confirmation

WH Ireland is satisfied that the necessary financial resources are available to PDJ Bidco to enable it to satisfy the Increased and Final Offer in full.

7. Persons acting in concert

- 7.1 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 Increased and Final 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

7.2 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 Increased and Final Offer:

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

8. **Material Change**

8.1 Save as disclosed in this document, neither the PDJ Bidco Directors nor the Expansys Directors are aware of any material change in the information contained in the Original Offer Document.

9. **Miscellaneous**

9.1 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.

9.2 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.

10. **Documents on display**

10.1 A copy of this document is available free of charge at the PDJ Bidco and Expansys websites at www.peterjones.com/latest-news/ and www.expansys.plc.uk/news respectively until the end of the Offer Period.

10.2 Copies of the following documents have been published on the PDJ Bidco and Expansys websites at www.peterjones.com/latest-news/ and www.expansys.plc.uk/news respectively and will be available until the end of the Offer Period:

- (a) the irrevocable undertaking to accept (or procure the acceptance of) the Increased and Final Offer referred to in paragraph 5 of Part II of this document;
- (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 9.1 and 9.2 above;
- (f) the material contract referred to in paragraph 9.2 of Appendix 3 of the Original Offer Document;

(g) the Original Offer Document; and

(h) the Form of Acceptance.

10.3 For the avoidance of doubt, the content of the websites referred to in this document (save for the information incorporated by reference as set out in Appendix 2 of the Original Offer Document) is not incorporated into and does not form part of this document.

14 March 2014

**APPENDIX 3
BASES AND SOURCES**

Unless otherwise stated in this document:

- (a) the value of the share capital of Expansys is calculated on the basis of 1,161,918,942 Expansys Shares in issue on 13 March 2014 (being the last business day prior to the publication of this document);
- (b) all share prices for Expansys Shares are derived from the AIM Appendix of the Daily Official List; and
- (c) all share prices quoted for Expansys Shares are Closing Prices.

APPENDIX 4 DEFINITIONS

Unless the context otherwise requires and save to the extent superseded in this document, the definitions and rules of interpretation used in the Original Offer Document shall also apply in this document, together with the following definitions:

"Form of Acceptance"	the form of acceptance and authority relating to the Increased and Final Offer accompanying this document or the form of acceptance and authority relating to the Original Offer which accompanied the Original Offer Document, as applicable, which in each case may only be completed by holders of Expansys Shares in certificated form
"Increased and Final Offer"	the increased and final offer made by PDJ Bidco on the terms set out in this document and the Form of Acceptance ((in respect of certificated Expansys Shares)
"Increased and Final Offer Document"	this document
"MDI"	Medical Debenture Investments
"Original Offer"	the offer by PDJ Bidco, on the terms in the Original Offer 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)
"Original Offer Document"	the offer document dated 12 February 2014 sent to Expansys Shareholders in respect of the Offer