



UXC Limited
ABN 65 067 682 928

Australian Securities Exchange
Company Announcements Platform
21 December 2015

Scheme Booklet registered with ASIC

- **Scheme Booklet, including Independent Expert's Report, registered with ASIC**
- **Scheme Booklet to be sent to shareholders on or about Wednesday, 23 December 2015**

UXC Limited (**ASX: UXC** or the **Company**) today announced that the Australian Securities and Investments Commission (**ASIC**) has registered the Scheme Booklet in relation to the proposed acquisition by Computer Sciences Corporation of all of the shares of UXC (**Scheme**).

If the Scheme is approved by the requisite majority of UXC shareholders and all other conditions precedent are satisfied or waived (where capable of waiver), UXC shareholders will receive cash payments of \$1.22 per share. In addition, UXC will pay a franked dividend of \$0.02 per share for the half year ending 31 December 2015.

A copy of the Scheme Booklet, which includes an Independent Expert's Report, a notice of Scheme meeting and a copy of the proxy form for the Scheme meeting, is attached to this announcement. Copies of the Scheme Booklet will be sent to UXC shareholders on or about Wednesday, 23 December 2015.

The UXC Board continues to unanimously recommend that UXC shareholders vote in favour of the Scheme at the Scheme meeting to be held on Monday, 8 February 2016, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude the Scheme to be in the best interests of UXC shareholders. Subject to those same qualifications, each of your Directors intends to vote all the UXC Shares held or controlled by them in favour of the Scheme.

Further information

UXC shareholders can obtain further information by contacting the UXC Shareholder Information line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside of Australia) Monday to Friday, between 8.30am and 5.30pm (AEST).

Information is also available on UXC's website at www.uxc.com.au

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ABN 65 067 682 928

ABOUT UXC LIMITED

UXC Limited is an S&P/ASX 300 listed Australian business solutions company, and the largest Australian owned ICT consultancy firm. UXC services medium to large entities in the private and public sectors across Australia and New Zealand, Canada, USA and has operations in Asia.

UXC provides a range of unique, unmatched and formidable ICT Solutions in Consulting, Business Applications and Infrastructure that support our customers to plan & design, implement & enhance, and operate & manage their ICT requirements.

UXC strives to create simplicity and meaning in a complex and disruptive world through the power of people and technology, by being the leading Tier 1 Australian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people.

ABOUT CSC

CSC is a global leader of next generation information technology (IT) services and solutions. The Company's mission is to enable superior returns on its clients' technology investments through best-in-class industry solutions, domain expertise and global scale. CSC has approximately 70,000 employees and reported revenue of \$11.7 billion for the 12 months ended July 3, 2015.

For personal use only



UXC Limited ABN 65 067 682 928

SCHEME BOOKLET

For a scheme of arrangement between UXC Limited and its shareholders in relation to the proposed acquisition of UXC by Computer Sciences Corporation through its wholly owned subsidiary CSC Computer Sciences Australia Holdings Pty Ltd

VOTE IN FAVOUR

Your Directors unanimously recommend that you should vote in favour of the Scheme, in the absence of a Superior Proposal

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation or legal adviser immediately.

NOMURA

Financial Adviser



HERBERT
SMITH
FREEHILLS

Legal Adviser

Important Notices

Nature of this document

This Scheme Booklet provides UXC Shareholders with information about the proposed acquisition of UXC by CSC. If you have sold all of your UXC Shares, please ignore this booklet.

Defined terms

A number of defined terms are used in this Scheme Booklet. These terms are explained in section 9 of this Scheme Booklet.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly their actual calculations may differ from the calculations set out in this booklet.

No investment advice

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position and particular needs. It is important that you read this Scheme Booklet in its entirety before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. If you are in any doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser.

Not an offer

This Scheme Booklet does not constitute or contain an offer to UXC Shareholders, or a solicitation of an offer from UXC Shareholders, in any jurisdiction.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

Regulatory information

This document is the explanatory statement for the scheme of arrangement between UXC and the holders of its fully paid ordinary shares as at the Scheme Record Date for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this booklet as Annexure B.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to UXC Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Notice of Scheme Meeting

The Notice of Meeting is set out in Annexure D.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any UXC Shareholder may appear at the Second Court Hearing, expected to be held at 10.00am on Thursday, 11 February 2016 at the Supreme Court of Victoria, 210 William Street, Melbourne.

Any UXC Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and

serving on UXC a notice of appearance in the prescribed form together with any affidavit that the UXC Shareholder proposes to rely on.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has directed that an explanatory statement accompany the notice of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed scheme or as to how members should vote (on this matter members must reach their own decision); or
- has prepared, or is responsible for, the content of the explanatory statement.

Disclaimer as to forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe UXC's or CSC's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of UXC's operations and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by these forward-looking statements.

The operations and financial performance of UXC are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of UXC and/or CSC. UXC Shareholders should note that the historical financial performance of UXC is no assurance of future financial performance of UXC (whether the Scheme is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which UXC operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of UXC following implementation of the Scheme, as well as the actual advantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet.

Any forward-looking statements included in the UXC Information have been made on reasonable grounds. Although UXC believes that the views reflected in any forward-looking statements included in the UXC Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

Any forward-looking statements included in the Computer Sciences Corporation Information have been made on reasonable grounds. Although Computer Sciences Corporation believes that the views reflected in any forward-looking statements included in the Computer Sciences Corporation Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of UXC, Computer Sciences Corporation, CSC, UXC's officers, Computer Sciences Corporation's officers, CSC's officers, any persons named in this Scheme Booklet with their consent or any person involved in the preparation of this

Scheme Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

You should review all of the information in this Scheme Booklet carefully. Section 1.1 sets out the reasons why you should vote in favour of the Scheme and section 1.2 sets out the reasons why you may wish to vote against the Scheme.

All subsequent written and oral forward-looking statements attributable to UXC, Computer Sciences Corporation or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, UXC, Computer Sciences Corporation and CSC do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

UXC has been solely responsible for preparing the UXC Information. The information concerning UXC and the intentions, views and opinions of UXC and the UXC Directors contained in this Scheme Booklet has been prepared by UXC and the UXC Directors and is the responsibility of UXC. CSC and CSC's directors and officers, and Computer Sciences Corporation and Computer Sciences Corporation's directors and officers, do not assume any responsibility for the accuracy or completeness of any such UXC Information.

Computer Sciences Corporation has been solely responsible for preparing the Computer Sciences Corporation Information. The information concerning Computer Sciences Corporation and the intentions, views and opinions of Computer Sciences Corporation contained in this Scheme Booklet has been prepared by Computer Sciences Corporation and is the responsibility of Computer Sciences Corporation. UXC and the UXC Directors and officers, and CSC and CSC's directors and officers, do not assume any responsibility for the accuracy or completeness of any such Computer Sciences Corporation Information.

KPMG Financial Advisory Services (Australia) Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report. The Independent Expert's Report is set out in Annexure A.

Link Market Services Limited has had no involvement in the preparation of any part of this Scheme Booklet other than being named as the UXC Registry. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

Privacy

UXC and CSC may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of UXC Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist UXC and CSC to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the UXC Registry, print and mail service providers, authorised securities brokers, Related Bodies Corporate of UXC and CSC, and UXC and CSC's advisers and service providers. UXC Shareholders have certain rights to access personal information that has been collected. UXC Shareholders should contact the UXC Registry in the first instance, if they wish to access their personal information. UXC Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Date of this Scheme Booklet

This Scheme Booklet is dated 21 December 2015.

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Key Dates

First Court Date	18 December 2015
Date of this Scheme Booklet	21 December 2015
Latest date and time for receipt of Proxy Forms or powers of attorney for the Scheme Meeting	10.00am (AEDT) on Saturday 6 February 2016
Time and date for determining eligibility to vote at the Scheme Meeting	10.00am (AEDT) on Saturday 6 February 2016
Scheme Meeting to be held at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia	10.00am (AEDT) on Monday 8 February 2016
If the Scheme is approved by UXC Shareholders	
Interim Dividend determined (if the UXC Board decides to determine the Interim Dividend)	Monday 8 February 2016
Second Court Date for approval of the Scheme	Thursday 11 February 2016
Effective Date	Friday 12 February 2016
Court order lodged with ASIC and announcement to ASX	
Last day of trading in UXC Shares – UXC Shares suspended from trading on ASX from close of trading	
Interim Dividend Record Date	
Interim Dividend Payment Date	Thursday 18 February 2016
Scheme Record Date for determining entitlements to Scheme Consideration	7.00pm (AEDT) on Friday 19 February 2016
Implementation Date	Friday 26 February 2016
Payment of Scheme Consideration to Scheme Shareholders	

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Regulatory Authority. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on UXC’s website at www.uxc.com.au/investors.

All references to time in this Scheme Booklet are references to AEDT, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Letter from the Chairman of UXC

21 December 2015

Dear fellow UXC Shareholder

On 25 November 2015, UXC Limited announced that it had entered into a Scheme Implementation Deed with Computer Sciences Corporation under which it is proposed that Computer Sciences Corporation (through its wholly owned subsidiary, CSC) will acquire all of the issued capital of UXC via a scheme of arrangement, subject to regulatory and shareholder approvals, and other conditions precedent.

If the Scheme is approved and implemented, UXC Shareholders who are shareholders on the Scheme Record Date will receive a cash payment of \$1.22 per UXC Share. In addition, UXC Shareholders who are shareholders on the Interim Dividend Record Date will receive the payment of a dividend of \$0.02 per UXC Share in respect of the half year ending 31 December 2015, which is expected to be fully franked.

Your Directors believe that the Scheme provides an opportunity for UXC Shareholders to realise immediate and certain value for their UXC Shares. UXC Shareholders holding UXC Shares on both the Scheme Record Date and the Interim Dividend Record Date will receive total cash payments of \$1.24 per UXC Share, which represents a 3% premium to the closing share price on the most recent trading day prior to the Scheme Booklet of \$1.21 at 18 December 2015, and:

- a 5% premium to the 30 day volume weighted average price of \$1.18;
- a 14% premium to the 60 day volume weighted average price of \$1.09;
- a 21% premium to the 90 day volume weighted average price of \$1.03; and
- a 29% premium to the 120 day volume weighted average price of \$0.96.

to market close on 5 October 2015, being the last trading day prior to the announcement by UXC that it had received an indicative proposal from Computer Sciences Corporation. The proposed cash payments of \$1.24 represent a discount of 7% to the closing price on 5 October 2015 of \$1.33.

On 5 October 2015, UXC's share price was at its highest level in over 7 years. In the months prior to this date, there had been a significant run on share prices in the Australian listed IT services sector compared to the broader market and UXC's share price had performed particularly strongly compared to its peers.

The Board considered the EBITDA and P/E multiples associated with a \$1.24 offer (comprising of both the consideration under the Scheme and the Interim Dividend). The company's financial adviser, Nomura, confirmed that the EBITDA multiples were consistent with other transactions in the Australian IT services sector and that UXC's trading P/E multiple was sitting at the top end of the range for the Australian IT services sector.

Directors' recommendation

Your Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude the Scheme to be in the best interests of UXC Shareholders. Subject to those same qualifications, each of your Directors intends to vote all the UXC Shares held or controlled by them in favour of the Scheme.

In reaching its recommendation, the Board also considered a number of alternative options for the business, including competing indicative proposals for UXC by a number of interested parties. Your Directors believe that the Scheme represents the most attractive and certain option for UXC Shareholders to realise value for their UXC Shares.

Your Directors have formed the view that the Scheme is in the best interests of UXC Shareholders for the following reasons:

- the proposed consideration represents an opportunity for UXC Shareholders to realise certain cash proceeds for their UXC Shares and is superior to other strategic alternatives available to UXC;
- the Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of UXC Shareholders in the absence of a Superior Proposal;
- the proposed consideration represents attractive premia to the 60 day, 90 day and 120 day volume weighted average prices of UXC Shares prior to 5 October 2015; and
- since the announcement of receipt of the indicative proposal from Computer Sciences Corporation, no Superior Proposal has emerged.

The Board carefully assessed the general risks of the markets in which UXC operates as well as the risks specific to UXC and the industries in which it operates if it were to continue as an independent entity. If the Scheme becomes Effective, UXC Shareholders will receive immediate and certain value for their UXC Shares and it eliminates the uncertainties and risks that will arise if UXC is to continue as an independent entity.

Independent Expert

Your Directors appointed KPMG Financial Advisory Services (Australia) Pty Ltd as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of UXC Shareholders, in the absence of a Superior Proposal. The Independent Expert has valued UXC Shares at between \$1.21 and \$1.34 per UXC Share. The cash payments of \$1.24 per UXC Share (comprising of both the Scheme Consideration and the Interim Dividend) is within this range.

A complete copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet.

How to vote

The Scheme requires court approval and the approval of UXC Shareholders at a Scheme Meeting to be held at 10:00am (AEDT) on Monday, 8 February 2016 at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia. The Scheme is also subject to a number of conditions. These conditions are summarised in section 8.3(b) of this Scheme Booklet.

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for your Directors' recommendation and the Independent Expert's Report.

The reasons to vote in favour of the Scheme Resolution required to implement the Scheme are set out in detail in section 1.1. There are also reasons why you may choose to vote against the Scheme Resolution required to implement the Scheme, which are set out in section 1.2.

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme and approve the Scheme.

If the Scheme is not implemented and no Superior Proposal emerges, UXC will continue as an independent entity listed on ASX and UXC Shareholders will not receive the Scheme Consideration of \$1.22 cash per UXC Share. In addition, if the Scheme does not become Effective, an interim dividend may still be paid by UXC but the Board may review and re-determine the amount of such interim dividend.

Further information

Please read this document carefully as it will assist you in making an informed decision on how to vote. I would also encourage you to seek independent financial and taxation advice before making any investment decision in relation to your UXC Shares.

If you require any further information, please call the Shareholder Information Line on 1800 645 237 (within Australia) or + 61 1800 645 237 (outside Australia).

Your vote is important and I encourage you to vote by attending the Scheme Meeting or alternatively by completing the direct vote/proxy form accompanying this Scheme Booklet.

On behalf of your Board, I would like to thank you for your support of UXC.

Yours sincerely



Geoffrey Cosgriff
Chairman
UXC Limited

1 Key considerations relevant to your vote

1.1 Why you should vote in favour of the Scheme

The Scheme has a number of advantages and disadvantages which may affect UXC Shareholders in different ways depending on their individual circumstances. UXC Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.1 provides a summary of some of the reasons why the UXC Board considers that UXC Shareholders should vote in favour of the Scheme. This section should be read in conjunction with section 1.2, which sets out reasons why UXC Shareholders may wish to vote against the Scheme. You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting. While the UXC Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

✓ Your Directors unanimously recommend that you should vote in favour of the Scheme, in the absence of a Superior Proposal

Your Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme Resolution required to implement the Scheme at the Scheme Meeting to be held on Monday, 8 February 2016.

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal, each of your Directors intends to vote all UXC Shares held or controlled by them in favour of the Scheme. The interests of UXC Directors are set out in section 8.1.

✓ The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in your best interests

Your Directors appointed KPMG Financial Advisory Services (Australia) Pty Ltd to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of UXC Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore that the Scheme is in the best interests of UXC Shareholders, in the absence of a Superior Proposal.

The basis for this conclusion is that the \$1.24 cash payments per UXC Share payable under the Scheme and Interim Dividend is within the valuation range (as concluded by the Independent Expert) of \$1.21 to \$1.34 per UXC Share.

A complete copy of the Independent Expert's Report is included as Annexure A of this Scheme Booklet and your Directors encourage you to read this report in full.

✓ The \$1.24 cash payments per UXC Share represents a premium to recent historical volume weighted UXC Share prices

Subject to the Scheme becoming Effective, UXC Shareholders holding UXC Shares on both the Scheme Record Date and the Interim Dividend Record Date will receive total cash payments equal to \$1.24 cash per UXC Share (comprising of both the

Scheme Consideration and the Interim Dividend) held, excluding the potential benefit of franking credits associated with the Interim Dividend.

The proposed cash payments under the Scheme of \$1.24 represent a 3% premium to the closing share price on the most recent trading day prior to the date of the Scheme Booklet of \$1.21 at 18 December 2015. The UXC Share Price as at 18 December 2015 reflects market expectations of the Transaction following the announcements by UXC on 6 October 2015 that it had received an indicative proposal from Computer Sciences Corporation and on 25 November 2015 that Computer Sciences Corporation and UXC had entered into a Scheme Implementation Deed.

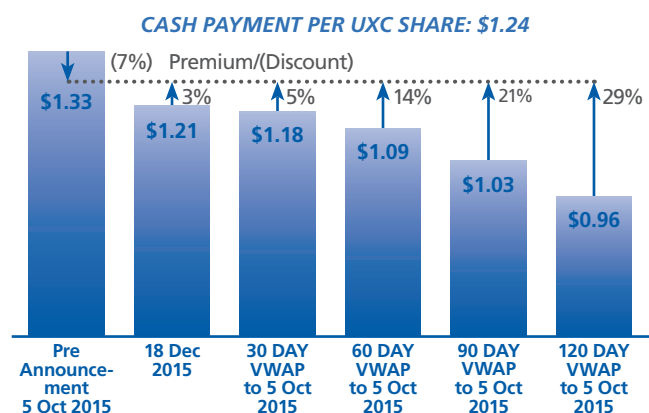
The proposed cash payments under the Scheme of \$1.24 per UXC Share represents:

- a 5% premium to the 30 day volume weighted average price of \$1.18;
- a 14% premium to the 60 day volume weighted average price of \$1.09;
- a 21% premium to the 90 day volume weighted average price of \$1.03; and
- a 29% premium to the 120 day volume weighted average price of \$0.96,

to market close on 5 October 2015, being the last trading date prior to the announcement of receipt of an indicative proposal from Computer Sciences Corporation.

The share prices of the ASX listed IT Services sector are likely to have been impacted by speculation of consolidation activity in the sector which contributed to a re-rating of their share prices from mid-July 2015, and therefore, may include an element of control. The UXC Share Price appears to have been affected by this sentiment. The proposed cash payments of \$1.24 represent a discount of 7% to the closing price on 5 October 2015 (being the last trading day prior to the announcement by UXC that it had received an indicative proposal from Computer Sciences Corporation) of \$1.33 and a premium of 5% to the VWAP of \$1.18 for the 30 days ending 5 October 2015.

FIGURE 1: COMPARISON OF TOTAL CASH PAYMENTS OF \$1.24 PER UXC SHARE TO HISTORICAL VOLUME WEIGHTED AVERAGE TRADING PRICES OF UXC SHARES¹



Source: IRESS.

¹ 18 December 2015 is the most recent practicable trading day prior to the date of the Scheme Booklet

✓ **You will receive immediate and certain value for your UXC Shares**

The offer from Computer Sciences Corporation is a 100% cash offer. If the Scheme is implemented, the total payments of \$1.24 cash per UXC Share (comprising of both the Scheme Consideration and the Interim Dividend) provides you with certainty of value for your UXC Shares (subject to the Scheme becoming Effective).

The certainty of the all cash Scheme Consideration and Interim Dividend should be compared with the risks and the uncertainties of remaining a UXC Shareholder, which include, but are not limited to, the risks set out in section 5.7.

✓ **Since the announcement of receipt of an indicative proposal from Computer Sciences Corporation, no Superior Proposal has emerged**

Since the announcement that UXC had received an indicative proposal from Computer Sciences Corporation on 6 October 2015 and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

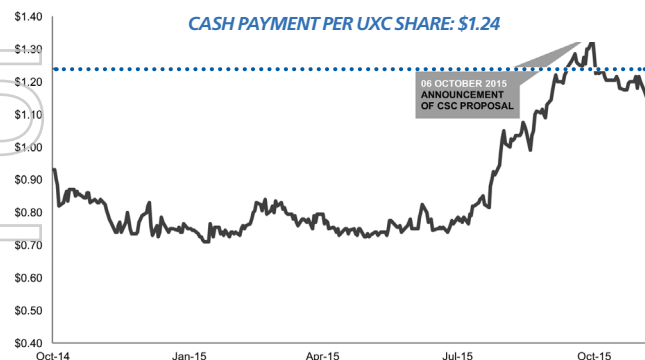
Your Directors have not become aware of any alternative proposal and have no basis for believing that an alternative proposal will be received.

✓ **UXC's share price is likely to fall if the Scheme is not implemented**

If the Scheme is not implemented, UXC Shares will continue to remain listed on ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and the demand for listed securities. As such, if the Scheme is not implemented, it is likely that the price at which UXC Shares trade will fall, potentially to a price that is below the total cash payments being offered under the Scheme.

The UXC Share Price 12 months prior to the 6 October 2015 announcement that UXC had received an indicative proposal from Computer Sciences Corporation, was trading at a price of \$0.93, which represents a discount of 25% to the proposed cash payments of \$1.24. Since then, UXC Shares have traded between a high of \$1.33 on 24 September 2015 and a low of \$0.71 on 19 January 2015. The Scheme provides an opportunity for all UXC Shareholders to receive immediate and total certain value for all UXC Shares they hold or control at these elevated share price levels.

FIGURE 2: UXC SHARE PRICE PERFORMANCE



✓ **If the Scheme does not proceed and no superior proposal emerges, you will continue to be subject to the risks and uncertainties associated with UXC's business and general market risks**

Your Directors remain positive about the outlook for UXC, as an independent ASX-listed company, including the capacity to deliver initiatives to deliver growth for UXC Shareholders into the future. Nevertheless, these initiatives will take time to fully implement and carry execution risks, some of which are outside the control of UXC.

If the Scheme does not proceed, UXC Shareholders will continue to be subject to these execution risks, as well as other specific risks inherent in UXC's business, including those summarised in more detail in section 5.7.

The Scheme removes these risks and uncertainties for UXC Shareholders and allows UXC Shareholders to fully realise their investment in UXC at a price that your Directors consider is attractive. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by CSC, as the sole shareholder of UXC following implementation of the Scheme.

✓ **No brokerage costs on the disposal of your UXC Shares under the Scheme**

UXC Shareholders will not be required to pay any brokerage costs on the disposal of their UXC Shares under the Scheme.

1.2 Why you may wish to vote against the Scheme

Although the Scheme is recommended by your Directors and the Independent Expert has concluded that the Scheme is in the best interests of UXC Shareholders (in each case in the absence of a Superior Proposal), factors which may lead you to consider voting against the Scheme include the following:

- **You may disagree with the UXC Directors' recommendation and/or the Independent Expert's conclusion**

Despite the view of your Directors and the Independent Expert, you may believe that the Scheme is not in the best interests of UXC Shareholders or not in your individual interest. You are not obliged to accept the Directors' recommendation or the views of the Independent Expert.

- **You may prefer to participate in the future financial performance of the UXC business**

If the Scheme is implemented, you will cease to be a UXC Shareholder. This will mean that you will not participate in the future financial performance of UXC or in the future prospects of its ongoing business. However, as with all investments in securities, there can be no guarantee as to UXC's future performance.

- **You may consider that there is potential for a Superior Proposal to emerge**

It is possible that, if UXC were to continue as an independent entity, a corporate control proposal for UXC may materialise in the future, such as a takeover bid with a higher value than the total cash payments of \$1.24 per UXC Share (comprising of both the Scheme Consideration and the Interim Dividend) that CSC is offering through the Scheme. However, as at the date of this Scheme Booklet, your Directors have not received or become aware of any alternative proposal and have no basis for believing

1 Key considerations relevant to your vote

that an alternative proposal will be received. The UXC Directors believe that the possibility of a Superior Proposal emerging is low as substantial time has passed since the announcement of receipt of a proposal from Computer Sciences Corporation and entrance into a process agreement on 6 October 2015, and up to the date of this Scheme Booklet, no Superior Proposal has been received.

- **The tax consequences of the Scheme for you may not suit your financial position**

Implementation of the Scheme may trigger taxation consequences for UXC Shareholders. A general guide to the taxation implications of the Scheme is set out in section 7. This guide is expressed in general terms only and UXC Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

For personal use only

2 Frequently asked questions

Question	Answer	More Information
What is the Scheme?	<p>The Scheme is a scheme of arrangement between UXC and UXC Shareholders at the Scheme Record Date. The Scheme will give effect to the acquisition of UXC by CSC, a wholly-owned subsidiary of Computer Sciences Corporation.</p> <p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>If the Scheme is approved and implemented, UXC Shareholders on the Register:</p> <ul style="list-style-type: none"> • at the Scheme Record Date will receive a cash payment of \$1.22 per UXC Share on the Implementation Date; and • at the Interim Dividend Record Date will receive a cash payment of \$0.02 per UXC Share, which is expected to be fully franked, on the Interim Dividend Payment Date. 	Section 4 contains an overview of the Scheme and a copy of the Scheme is contained in Annexure B.
What do the UXC Directors recommend and how do they intend to vote?	<p>Your Directors unanimously recommend that all UXC Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>Each UXC Director who holds UXC Shares intends to vote all UXC Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.</p>	Section 1.1 provides a summary of some of the reasons why the UXC Board considers that UXC Shareholders should vote in favour of the Scheme.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of UXC Shareholders, in the absence of a Superior Proposal.	A copy of the Independent Expert's Report is contained in Annexure A.
Who is CSC?	<p>CSC is a subsidiary of Computer Sciences Corporation. CSC has offices in every mainland capital city in Australia, aside from Darwin, employs approximately 2,124 people and for the financial year ending 31 March 2015 had revenues of \$724 million.</p> <p>CSC offers a broad range of services, including:</p> <ol style="list-style-type: none"> 1. Outsourcing: managing and maintaining IT infrastructure, applications, business processes and systems. 2. Systems development and integration: design, build and integrate applications and systems, and professional IT staffing solutions. 3. Consulting: strategy and business process design, performance and service level management, customer management, supply chain, enterprise solutions, knowledge management, governance structuring, IT architecture, information security, business change and business continuity. 	Section 6 contains further details about CSC and related group companies.
Will I receive any further dividends from UXC?	<p>Under the Scheme Implementation Deed, UXC is permitted to pay the Interim Dividend for the half-year ended 31 December 2015 of an amount of \$0.02 per UXC Share, which is expected to be fully franked.</p> <p>In order for a UXC Shareholder to receive the benefit of franking credits in respect of the Interim Dividend, certain requirements will need to be satisfied as set out in section 7.3(b)(4). These include requiring UXC Shareholders to be on the Register on 2 January 2016.</p> <p>Except for the Interim Dividend, no further dividends will be paid if the Scheme is implemented.</p>	N/A

2 Frequently asked questions

Question	Answer	More Information
Are there any conditions to be satisfied?	<p>There are a number of conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding conditions include:</p> <ul style="list-style-type: none"> • Court approval; • approval of the Scheme by UXC Shareholders; • no material adverse change occurring between 25 November 2015 and 8.00am (AEDT) on the Second Court Date; • no UXC Prescribed Occurrences occurring between 25 November 2015 and 8.00am (AEDT) on the Second Court Date; • the representations and warranties given by Computer Sciences Corporation and UXC to each other in the Scheme Implementation Deed being true and correct at 8.00am (AEDT) on the Second Court Date; • no law or final order is made by a Government Agency in certain jurisdictions between 25 November 2015 and 8.00am (AEDT) on the Second Court Date that prevents or makes illegal the transaction contemplated by the Scheme; • no new litigation or similar dispute is threatened or commenced between 25 November 2015 and 8.00am (AEDT) on the Second Court Date that is reasonably likely to give rise to a liability to the UXC Group of greater than \$5,000,000; and • consent to the change of control in UXC is obtained from at least 15 of the 20 identified customers of UXC. <p>UXC intends to announce on ASX the satisfaction (or waiver) of the conditions to the Scheme.</p>	<p>Section 8.3(b) contains further information on the conditions to the Scheme.</p> <p>Section 8.4 contains further information on the status of the regulatory conditions to the Scheme.</p>
When do the conditions have to be satisfied by?	<p>Apart from the conditions relating to court approval and shareholder approval, the remaining conditions must be satisfied as at 8.00am on the Second Court Date.</p> <p>The Second Court Date is scheduled for Thursday, 11 February 2016. If a condition is not satisfied or waived (where capable of waiver) by 8.00am on this date, UXC will make an application to the Court to change the date of this hearing.</p> <p>The conditions must be satisfied or waived (where capable of waiver) by the End Date. The End Date is 31 March 2016, unless UXC and Computer Sciences Corporation agree to extend this date.</p> <p>If the relevant conditions are not satisfied by the End Date, the Scheme will not be implemented.</p>	N/A
Can I sell my UXC Shares now?	<p>You can sell your UXC Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>UXC intends to apply to ASX for UXC Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Friday, 12 February 2016). You will not be able to sell your UXC Shares on market after this time.</p>	N/A
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting will be held on Monday, 8 February 2016 at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia commencing at 10.00am (AEDT).</p>	<p>The Notice of Meeting contained in Annexure D sets out further details on the Scheme Meeting.</p>

Question	Answer	More Information
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> • a majority in number of UXC Shareholders who vote on the Scheme Resolution; and • at least 75% of the votes cast on the Scheme Resolution. <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	Section 4.2(a) and the Notice of Meeting contained in Annexure D set out further details on the Scheme approval requirements.
Am I entitled to vote at the Scheme Meeting?	Each UXC Shareholder who is registered on the Register at 10.00am (AEDT) on Saturday, 6 February 2016 is entitled to attend and vote at the Scheme Meeting.	The Notice of Meeting contained in Annexure D sets out further details on your entitlement to vote.
How do I vote if I am not able to attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy or attorney to attend and vote on your behalf.	The Notice of Meeting contained in Annexure D sets out further details on how to vote at the Scheme Meeting.
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.	N/A
What happens to my UXC Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any UXC Shares held by you on the Scheme Record Date (currently expected to be Friday, 19 February 2016) will be transferred to CSC and you will receive the Scheme Consideration, notwithstanding that you may not have voted or voted against the Scheme.	N/A
When will I be paid?	<p>Payment of the Scheme Consideration is expected to be made on or about Friday, 26 February 2016.</p> <p>Payment of the Interim Dividend is expected to be made on Thursday, 18 February 2016.</p>	Section 4.1 sets out further details on the Scheme Consideration.
How will I be paid?	<p>All payments will be made by direct deposit into your nominated bank account, as advised to the UXC Registry as at the Scheme Record Date.</p> <p>If you have not nominated a bank account, payment will be by Australian dollar cheque sent to you by post to your registered address as shown on the Register.</p>	Section 4.1 sets out further details on the Scheme Consideration.
What happens if the Scheme does not proceed?	<p>If the Scheme is not approved at the Scheme Meeting, or another condition to the Scheme is not satisfied or waived (where capable of waiver), then the Scheme will not be implemented.</p> <p>If the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration but will retain their UXC Shares. In these circumstances, UXC will, in the absence of another proposal, continue to operate as a stand-alone company listed on ASX.</p>	Section 4.3 sets out further details on what happens if the Scheme does not proceed.
What do I do if I oppose the Scheme?	<p>If you, as a UXC Shareholder, oppose the Scheme, you should:</p> <ul style="list-style-type: none"> • call the Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) and obtain further information; • attend the Scheme Meeting either in person or by proxy and vote against the Scheme Resolution; and/or • if UXC Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to appear and be heard at the Second Court Hearing to oppose the approval of the Scheme, lodge a notice of intention to appear at the Second Court Hearing, attend the hearing and indicate your opposition to the Scheme. 	N/A
Where can I get further information?	For further information, you can call the Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia).	N/A

3 How to vote

3.1 Your vote is important

For the Scheme to proceed, it is necessary that sufficient UXC Shareholders vote in favour of the Scheme.

If you are registered as a UXC Shareholder at 10.00am (AEDT) on Saturday, 6 February 2016, you will be entitled to vote on the Scheme.

3.2 Notice of Meeting

The Scheme will be voted on by UXC Shareholders at a meeting to be held at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia on Monday, 8 February 2016, commencing at 10.00am (AEDT).

The Notice of Meeting is contained in Annexure D to this Scheme Booklet.

3.3 Procedure

You may vote on the Scheme by attending the Scheme Meeting in person, by proxy, by attorney or, in the case of a corporation which is a UXC Shareholder, by corporate representative.

Information on how to vote using each of these methods is contained in the Notice of Meeting attached as Annexure D to this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not proceed unless the Scheme is approved by UXC Shareholders.

3.4 Voting entitlement

Each UXC Shareholder who is registered on the Register at 10.00am (AEDT) on Saturday, 6 February 2016, is entitled to attend and vote at the Scheme Meeting, in person, by proxy, by attorney or, in the case of a corporation which is a UXC Shareholder, by its representative appointed in accordance with the Corporations Act.

Information on entitlements to vote, including if you are a joint holder of UXC Shares, is contained in the Notice of Meeting which is attached as Annexure D to this Scheme Booklet.

4 Overview of the Scheme

4.1 Scheme Consideration

If the Scheme is approved and implemented, UXC Shareholders will receive:

- \$1.22 in cash for every UXC Share held as at the Scheme Record Date from CSC; and
- \$0.02 fully franked dividend in cash for every UXC Share held as at the Interim Dividend Record Date.

Payments will be made by direct deposit into your nominated bank account, as advised to the UXC Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be by Australian dollar cheque.

Payment of the Scheme Consideration will be made on the Implementation Date, currently expected to be Friday, 26 February 2016.

Payment of the Interim Dividend will be made on the Interim Dividend Payment Date, currently expected to be Thursday, 18 February 2016.

If a UXC Shareholder does not have a registered address, or UXC considers the shareholder is not known at its registered address and no bank account has been nominated, payments due to the UXC Shareholder will be held by UXC until claimed or applied under the relevant laws dealing with unclaimed money.

If the requisite majorities (as outlined below in section 4.2(a)) do not approve the Scheme Resolution, UXC may nevertheless announce an interim dividend that may be equal to or less than the Interim Dividend. In such circumstances the Board will assess whether or not such dividend should be declared and paid at the time of making that assessment.

4.2 Key steps in the Scheme

(a) Scheme approval requirements

The Scheme will only become Effective and be implemented if it is:

- agreed to by the requisite majorities of UXC Shareholders at the Scheme Meeting to be held on Monday, 8 February 2016; and
- approved by the Court at the Second Court Hearing.

Agreement by UXC Shareholders requires the Scheme Resolution to be agreed by:

- a majority in number (more than 50%) of UXC Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by UXC Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy).

The Court has the power to waive the first requirement.

In the event that:

- the Scheme is agreed to by the requisite majorities of UXC Shareholders at the Scheme Meeting; and
- all other conditions (except Court approval of the Scheme) have been satisfied or waived (where capable of waiver),

then UXC will apply to the Court for orders approving the Scheme.

Each UXC Shareholder has the right to appear at the Second Court Hearing.

(b) Effective Date

If the Court approves the Scheme and all other conditions have been satisfied or waived (where capable of waiver), the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. UXC will, on the Scheme becoming Effective, give notice of that event to ASX.

UXC intends to apply to ASX for UXC Shares to be suspended from official quotation on ASX from close of trading on the date the Scheme becomes Effective.

(c) Scheme Record Date

Those UXC Shareholders on the Register on the Scheme Record Date (currently expected to be 7.00pm (AEDT) on Friday, 19 February 2016) will be entitled to receive the Scheme Consideration in respect of the UXC Shares they hold as at the Scheme Record Date.

(1) Dealings on or prior to the Scheme Record Date

For the purpose of determining which UXC Shareholders are eligible to participate in the Scheme, dealings in UXC Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Register as the holder of the relevant UXC Shares as at 7.00pm on the Scheme Record Date (currently expected to be on Friday, 19 February 2016); and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the UXC Registry on or before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, UXC will not accept for registration or recognise any transfer or transmission applications in respect of UXC Shares received after the Scheme Record Date.

(2) Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, UXC must maintain the Register in its form as at the Scheme Record Date (currently expected to be Friday, 19 February 2016) until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for UXC Shares will cease to have effect as documents relating to title in respect of such UXC Shares; and
- each entry on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the UXC Shares relating to that entry.

(d) Interim Dividend Record Date and Dividend Payment Date

If the requisite majorities (as outlined above in section 4.2(a)) approve the Scheme Resolution, UXC will announce the record date to determine those UXC Shareholders who are eligible to receive the Interim Dividend. The Interim Dividend Record Date is currently expected to be 7.00pm (AEDT) on Friday, 12 February 2016.

4 Overview of the Scheme

On the Dividend Payment Date, which is currently expected to be Thursday, 18 February 2016, UXC will pay the Interim Dividend to UXC Shareholders that are shareholders on the Interim Dividend Record Date.

(e) Implementation Date

The Implementation Date is the fifth Business Day after the Scheme Record Date.

By the Business Day before the Implementation Date, Computer Sciences Corporation must pay into a trust account nominated by UXC the aggregate Scheme Consideration payable to Scheme Shareholders.

On the Implementation Date, which is currently expected to be Friday, 26 February 2016, UXC will pay the Scheme Consideration received from Computer Sciences Corporation to Scheme Shareholders.

Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to CSC without Scheme Shareholders needing to take any further action.

(f) Deed Poll

Computer Sciences Corporation and CSC have executed the Deed Poll pursuant to which Computer Sciences Corporation and CSC have undertaken in favour of each Scheme Shareholder to provide each Scheme Shareholder with the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in Annexure C.

4.3 If the Scheme does not become Effective

If the Scheme does not proceed, UXC Shareholders will continue to hold their UXC Shares.

In the absence of any alternative or competing proposal to the Scheme, UXC will continue as a stand-alone entity. UXC Shareholders will be exposed to the risks relating to UXC's business, as set out in section 5.7.

In the absence of an alternative proposal which is similar or superior to the Scheme, it is likely that the price at which UXC Shares trade will fall.

Depending on the reasons why the Scheme does not proceed, UXC may be liable to pay the Reimbursement Fee.

Information on the Reimbursement Fee is set out in section 8.3(d).

Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by UXC in relation to the Scheme. Those transaction costs have either already been paid, or will be payable by UXC regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred.

If the Scheme does not proceed, UXC may nevertheless announce an interim dividend that may be equal to or less than the Interim Dividend. In such circumstances the Board will assess whether or not such dividend should be declared and paid at the time of making that assessment.

4.4 Warranties by UXC Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to UXC, Computer Sciences Corporation and CSC on the Implementation Date, and appointed and authorised UXC as its attorney and agent to warrant to Computer Sciences Corporation and CSC, that all their UXC Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their UXC Shares to CSC together with any rights and entitlements attaching to those shares.

4.5 Delisting of UXC

On a date after the Implementation Date to be determined by CSC, UXC will apply:

- for termination of the official quotation of UXC Shares on the ASX; and
- to have itself removed from the official list of the ASX.

5 Information about UXC

5.1 Background

UXC is one of the largest ASX-listed business solutions and information and communication technology consultancy firms that services medium to large entities within both the private and public sectors in Australia, New Zealand, North America, Asia and Fiji.

The Company was initially formed in September 2002 by the merger of Utility Services Corporation and DVT Holdings Limited. Over the years the Company has focused on making numerous acquisitions in fast-growing regions, such as North America, and sectors, including Microsoft Dynamics, Oracle, SAP and ServiceNow.

UXC provides consulting services (16% of FY15 revenue), the implementation and integration of business applications (52% of FY15 revenue) and the provision of infrastructure and related managed services (32% of FY15 revenue). Through its three business divisions, UXC assists with implementation and enhancement, as well as operation and management of its clients' information and communication technology requirements.

UXC's head office is located in Melbourne, Victoria, and it currently employs over 2,900 staff, with over 78% of its people based in Australia across ten offices.

UXC's top 50 clients represent 47% of its FY15 revenue and top 100 clients represent 60%. The Company acquired 17 new \$1+ million customers during FY15 with four of these being in excess of \$5 million. No customers who had spent more than \$2 million with the Company were lost and UXC successfully recontracted and won a number of new multi-year managed services contracts.

UXC revenue is diversified across a broad range of industries including state government (13%), consumer goods and services (12%), IT and telecommunication (12%), capital goods and commercial services (12%), federal government (11%), health care (11%), energy and utilities (9%), resources (6%), financial (4%), transportation (4%), education (4%) and retailing (2%).

UXC is predominantly a project driven business, however the Company is slowly shifting to an annuity revenue streams based model and away from lower margin product and licence revenues, which has helped the Company provide greater stability and visibility of earnings going forward. At FY15, the annuity based revenues accounted for 29% of total revenue, up from 22% of total revenue in 2012.

In FY15, UXC reported revenue of \$686 million and EBITDA of \$42 million.

UXC's ability to leverage its divisions and cross-sell remains a core point of competitive advantage that offers growth, particularly given the increased demand for more complete service offerings. Going forward the business is focused on expanding in the North American market and capitalise on its Cloud Solutions business.

5.2 Overview of operations

Consulting & Advisory

UXC Consulting & Advisory has one of the largest local IT consulting capabilities in Australia with over 550 staff.

UXC Consulting & Advisory offers services and solutions across training, business transformation, information management, telecommunications consulting, project, program and portfolio management, change management, IT research, IT strategy and architecture, IT professional services and mobility application and testing.

The Consulting & Advisory segment includes two businesses:

➔ **UXC Consulting** – UXC Consulting provides IT consulting services relating to strategy and architecture, business analysis, business transformation, communications and project, portfolio and program management.

➔ **UXC Professional Solutions** – UXC Professional Solutions provides traditional consulting services with a healthy adoption of emerging technologies. These services include project delivery, information and insights, business process improvement analysis, application development, validation and testing, digital, mobility and cloud, and managed services.

UXC Consulting & Advisory consists of five specialty areas and focusses on providing advisory skills in more targeted areas, where there is higher demand that will support utilisation and charge-out. The business generates its revenue by charging out consultants on a daily basis and from outcome-based projects.

UXC's key Consulting & Advisory clients include Australian and New Zealand Banking Group, National Australia Bank, GrainCorp, MLC, Australia Post and Orica.

Enterprise Applications

UXC Enterprise Applications is a major competitive differentiator and driver of growth for UXC. Its contracts tend to be larger value and longer duration in nature. The segment contributes for more than 50% of total group revenue and employs over 1,750 consultants.

UXC Enterprise Applications offers services and solutions across enterprise resource planning, customer relationship management, analytics and business intelligence, supply chain management, corporate performance and financials software.

It also offers software implementation through leading global partnership with its vendors Microsoft Dynamics, SAP, Oracle and ServiceNow. UXC individually represents them in the marketplace.

The business has built a track record of growth and expertise in service management and was recently awarded Master Partner for ServiceNow (the only Master Partner in Australia and New Zealand).

The Enterprise Applications segment includes four businesses:

➔ **UXC Eclipse** – UXC Eclipse provides Microsoft Dynamics based intelligent business solutions to enterprise and mid-market companies in Australia and New Zealand and North America.

➔ **UXC Red Rock** – UXC Red Rock provides Oracle consulting and managed services in Asia, Australia and New Zealand.

➔ **UXC Oxygen** – UXC Oxygen provides SAP consulting and services in Australia and New Zealand.

➔ **UXC Keystone** – UXC Keystone provides ServiceNow solutions services in Australia and New Zealand.

UXC's key Enterprise Applications clients include Queensland Rail, Seek.com, Downer, Treasury Wine Estates and TasNetworks.

IT Infrastructure

UXC IT Infrastructure is one of the largest Australian-owned information and communication technology infrastructure solutions and services providers, with over 650 employees.

UXC IT Infrastructure operates and manages a customer's entire technology and application environment and services large corporate and government clients. The segment specialises in

5 Information about UXC

the areas of workspace innovation, contact centre, security, mobility, cloud, entertainment and content, network design, implementation and management, managed services, data centre optimisation and outsourcing.

UXC has recently performed a strategic shift away from lower margin products and licences revenue and towards value added managed services and support solutions.

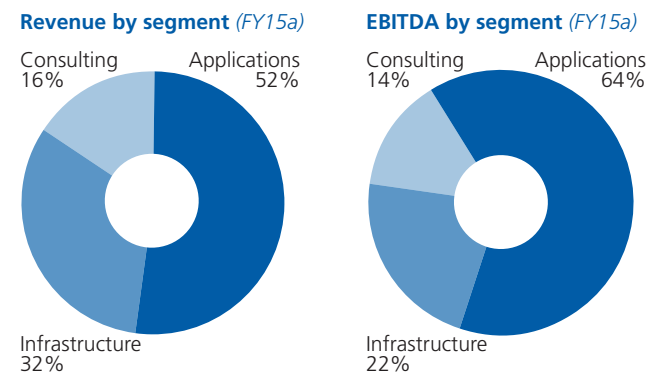
This has seen a number of new managed services contract wins including Ausgrid, Endeavour, IXOM, DFAT and others. Much of the work has been won from cross selling the infrastructure business together with application support and service management.

The IT Infrastructure segment includes two businesses:

- ➔ **UXC Connect** – UXC Connect designs, delivers and supports innovative solutions that connect technology to business outcomes.
- ➔ **UXC Health** – UXC Health provides solutions designed to support critical converged clinical infrastructure and enables health professionals around the key areas of collaboration, mobility and safety.

UXC's key IT Infrastructure clients include Ausgrid, Virgin Australia, Melbourne Water, WorkSafe Victoria and Queensland Health.

FIGURE 3: REVENUE AND EBITDA BY SEGMENT



Source: UXC annual report 2015.

5.3 UXC Board and senior management

(a) Board

The UXC Board is comprised of the following members:

Name	Position
Geoffrey Cosgriff	Chairman
Geoff Lord	Deputy Chairman
Cris Nicolli	Managing Director
Jean-Marie Simart	Non-Executive Director
Gail Pemberton	Non-Executive Director
Brian Mitchell	Non-Executive Director
Doug Snedden	Non-Executive Director

(b) Executive team

Key members of UXC's executive team, include:

Name	Position
Cris Nicolli	Managing Director, UXC
Iona MacPherson	Chief Financial Officer and Company Secretary
Paul Timmins	Chief Operating Officer
Ralph Pickering	Director Divestments & Acquisitions

5.4 Historical financial information

The following section summarises certain historical financial information about UXC for the financial years ended 30 June 2015, 30 June 2014 and 30 June 2013 respectively.

The financial information in this section is a summary only and is prepared for the purpose of this Scheme Booklet. The information has been extracted from the audited financial reports of UXC for the years ended 30 June 2015 and 30 June 2014. The 30 June 2015 and 30 June 2014 financial reports were audited by Deloitte and in each case, an unqualified audit report was issued.

Further detail on UXC's financial performance for the year ended 30 June 2015 is provided in the results announcement to the ASX dated 20 August 2015. These documents are available as follows:

- From ASX on its website at www.asx.com.au; and
- From UXC's website at www.uxc.com.

Further information regarding UXC's financial performance is also set out in the Independent Expert's Report which forms Annexure A to this Scheme Booklet.

(a) Consolidated statement of financial performance

	2015 \$'000	2014 \$'000	2013 \$'000
Revenue from continuing operations	686,430	643,368	594,269
Other income and gains	4,982	3,200	4,603
Employee benefits expenses	(345,312)	(313,722)	(290,156)
Services and products used	(121,560)	(127,815)	(102,697)
Contractor and sub-contractor expenses	(87,378)	(89,727)	(97,013)
Licence fee expenses	(38,895)	(25,767)	(20,216)
Travel expenses	(11,551)	(14,596)	(13,360)
Vehicle and equipment running costs	(3,754)	(4,330)	(4,067)
Depreciation and amortisation expense	(9,519)	(8,152)	(7,442)
Occupancy expenses	(13,761)	(13,606)	(12,373)
Finance charges	(2,848)	(2,939)	(814)
Communication expenses	(7,755)	(7,405)	(6,554)
Recruitment and staff training costs	(4,959)	(3,411)	(3,883)
Advertising and marketing costs	(1,913)	(2,089)	(2,394)
Bad and doubtful debts expense	(859)	(992)	(305)
Other expenses	(11,418)	(9,983)	(6,057)
Profit from continuing operations before income tax expense	29,930	22,034	31,541
Income tax expense	(6,856)	(6,302)	(8,858)
Net profit from continuing operations	23,074	15,732	22,683
(Loss) / Profit from discontinued operation	(525)	–	1,329
Profit for the year	22,549	15,732	24,012
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:	cents	cents	cents
Basic earnings per share	7.00	4.97	7.37
Diluted earnings per share	6.89	4.85	7.19
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	6.84	4.97	7.80
Diluted earnings per share	6.73	4.85	7.61

(b) Consolidated statement of comprehensive income

	2015 \$'000	2014 \$'000	2013 \$'000
Profit for the year	22,549	15,732	24,012
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	4,582	543	2,467
Other comprehensive income for the year, net of income tax	4,582	543	2,467
Total comprehensive income for the year	27,131	16,275	26,479

5 Information about UXC

(c) Consolidated statement of financial position

	2015 \$'000	2014 \$'000	2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	25,197	19,724	34,343
Trade and other receivables	115,224	108,222	92,233
Accrued income	23,250	21,829	30,990
Inventories	4,410	2,927	5,793
Other financial assets	1,009	1,424	178
Other current assets	15,377	15,624	16,580
Total current assets	184,467	169,750	180,117
Non-current assets			
Trade and other receivables	137	2,326	2,432
Plant and equipment	17,675	12,593	12,128
Goodwill	226,795	209,130	163,681
Other intangible assets	11,842	14,147	11,800
Deferred tax assets	21,164	17,520	10,817
Other non-current assets	783	1,365	1,604
Total non-current assets	278,396	257,081	202,462
Total assets	462,863	426,831	382,579
LIABILITIES			
Current liabilities			
Trade and other payables	114,411	100,586	87,115
Unearned income	45,967	41,933	39,721
Borrowings	2,767	11,104	17
Current tax liabilities	2,552	4,365	7,408
Provisions	30,187	29,590	24,553
Other financial liabilities	1,663	–	–
Other current liabilities	5,843	3,058	3,795
Total current liabilities	203,390	190,636	162,609
Non-current liabilities			
Unearned income	744	424	743
Borrowings	19,472	12,784	8,500
Provisions	5,495	5,364	5,629
Other non-current liabilities	1,694	2,631	3,225
Total non-current liabilities	27,405	21,203	18,097
Total liabilities	230,795	211,839	180,706
Net assets	232,068	214,992	201,873
EQUITY			
Issued capital	188,291	180,423	166,934
Reserves	3,523	1,334	3,131
Retained earnings	40,254	33,235	31,808
Total equity	232,068	214,992	201,873

(d) Consolidated statement of cash flows

	2015 \$'000	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers	755,268	709,843	644,980
Payments to suppliers and employees	(706,968)	(667,547)	(620,401)
	48,300	42,296	24,579
Interest received	188	351	381
Interest paid	(2,574)	(2,970)	(755)
Income taxes paid	(8,302)	(8,644)	(4,429)
Net cash inflow from operating activities	37,612	31,033	19,776
Cash flows from investing activities			
Proceeds from sale of businesses (net of cash disposed)	–	–	2,613
Payments for businesses acquired in current period (net of cash received)	(4,351)	(37,933)	(12,022)
Payments for businesses acquired in prior periods	(2,023)	(4,067)	–
Payments for plant and equipment	(9,467)	(3,901)	(8,339)
Payments for other intangible assets	(2,587)	(2,916)	(4,908)
Net cash outflow from investing activities	(18,428)	(48,817)	(22,656)
Cash flows from financing activities			
Payments for share buy back	–	–	(167)
Payment for share issue costs	–	–	(4)
Proceeds from borrowings	145,566	103,281	55,150
Repayment of borrowings	(147,211)	(88,256)	(47,170)
Dividends paid (net of dividend reinvestment plan)	(13,465)	(12,277)	(11,943)
Net cash (outflow)/inflow from financing activities	(15,110)	2,748	(4,134)
Net increase/(decrease) in cash and cash equivalents	4,074	(15,036)	(7,014)
Cash and cash equivalents at 1 July	19,724	34,343	40,545
Effects of exchange rate changes on cash and cash equivalents	1,399	417	812
Cash and cash equivalents at 30 June	25,197	19,724	34,343

5.5 UXC Directors' intentions

The Corporations Regulations require a statement by the UXC Directors of their intentions regarding UXC's business. If the Scheme is implemented, the UXC Board is to be reconstituted. It is for the reconstituted UXC Board to determine its intentions as to:

- the continuation of the business of UXC;
- any major changes, if any, to be made to the business of UXC; and
- the future employment of the present employees of UXC.

If the Scheme is implemented, CSC will have 100% ownership and control of UXC. The current intentions of Computer Sciences Corporation and CSC with respect to these matters are set out in section 6.5.

If the Scheme is not implemented, the UXC Directors intend to continue to operate in the ordinary course of the business.

5.6 Material changes to UXC's financial position since 30 June 2015

On 29 October 2015, UXC updated the market on the strength of the first quarter of trading for financial year 2016, noting significant growth in revenue, earnings before interest, tax, depreciation and amortisation. During the second quarter of financial year 2016, UXC has continued to experience strong trading performance relative to the same period in financial year 2015.

Net working capital requirements increased relative to 30 June 2015, reflecting growth in working capital that usually occurs in the first half of the financial year. These increases in working capital requirements have been funded by drawing down on UXC's existing debt facilities. As a result of these factors, net debt increased from a cash surplus of \$3.0 million at 30 June 2015 to a cash deficit of \$47.3 million at 30 November 2015.

5 Information about UXC

As at the date of this Scheme Booklet, other than:

- the accumulation of profits in the ordinary course of trading; or
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by UXC,

within the knowledge of the UXC Board, the financial position of UXC has not materially changed since 30 June 2015, being the date of the UXC Full Year (FY15) Financial Report.

A copy of the UXC Full Year (FY15) Financial Report is available free of charge on UXC's website (www.uxc.com.au/investors) or by contacting the Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia).

Further information regarding UXC's financial performance is set out in the Independent Expert's Report which forms Annexure A to this Scheme Booklet.

5.7 Risks relating to UXC

The UXC Board in its ordinary course of business assesses material risks associated with the operations of the UXC Group and takes appropriate steps to manage and mitigate them. The UXC Board considers, however, that it is appropriate for UXC Shareholders, in considering the Scheme, to be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of UXC, the value of UXC Shares and future dividends. These risks will only continue to be relevant to you if the Scheme does not proceed and you retain your existing investment in UXC.

These risks include, but are not limited to, the following risks:

(a) General risks

The market price of UXC Shares and future distributions made to shareholders are influenced by a number of factors in each of the countries and regions in which UXC operates, including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in general business, industry cycles (eg in IT services, consulting and advisory) and economic conditions including inflation, interest rates, exchange rates, commodity rates, employment levels and consumer demand;
- changes in government fiscal, monetary and regulatory policies, including foreign investment;
- government or political intervention in export and import markets (including sanction controls) and the disruptions this causes to supply and demand dynamics;
- natural disasters and catastrophes, whether on a global, regional or local scale; and
- accounting standards which affect the financial performance and position reported by UXC.

(b) UXC specific risks

Risks that are specific to UXC's operations include the following:

(1) Reliance on key personnel

UXC is reliant on the expertise, knowledge and specialist skills of its employees and contractors. UXC's growth and profitability may be limited if a significant number of its key personnel leave UXC. UXC may also be adversely affected by the inability to attract and/or retain new suitably qualified personnel or by increased compensation costs associated with attracting and retaining key personnel.

As announced at UXC's Annual General Meeting on 29 October 2015, the Company's CEO, Cris Nicolli, has indicated his intention to retire in the next 12 months. A succession planning process has been in place for some time to enable the Board to choose Mr Nicolli's successor and both internal and external candidates have been considered for the role. If the Scheme is not implemented, the Company will be exposed to leadership uncertainty whilst the Board's transition plan for Mr Nicolli's successor is implemented.

(2) Contracted services

UXC has entered into various strategic partnerships with third party software providers and providers of technology based infrastructure associated with its business, including Microsoft, Oracle, SAP and ServiceNow Enterprise Application.

There is no guarantee of renewal of these strategic partnership arrangements on terms which are commercially attractive to UXC, or at all, or that clients will continue to purchase such contracted services through UXC. The loss, non-renewal or renewal on less favourable terms of such agreements may adversely affect UXC's ability to conduct its business, or to maintain its profitability.

(3) Cash flow

As part of UXC's strategic positioning to secure engagements on larger and longer projects, there is a risk that UXC's cash flow may be impacted by reliance on the achievement of milestones or deferred timing of milestone payments on some engagements. UXC's cash flow may also be impacted by project deferrals and delays by clients across industry sectors.

(4) Competition risk

The competitive and dynamic industry within which UXC operates exposes UXC to a number of risks associated with maintaining its market position. These risks include:

- there being a material adverse effect on UXC's business, results of operations and financial conditions as a result of certain pricing, service or marketing decisions or acquisitions made by UXC as a strategic response to changes in the competitive environment;
- other parties developing products or services that compete with UXC or supersede or supplant products or services of UXC, or are more competitively priced than UXC's products or services;
- there being unexpected changes in customer demands or expectations for UXC's products or services; and
- professional indemnity, product and other liability claims being successfully made or asserted against UXC, given that the testing, marketing, sale and implementation of technology based products and services entails an inherent risk of liability.

(5) Market share

UXC's strategy for increasing (or at least maintaining) its market share relies on its ability to meet the changing service requirements and increased value expectations of its customers. The ability of UXC to respond to such market factors will be critical to the continued performance and profitability of UXC.

(6) Changes in outsourcing practices

Furthermore, client changes in practices and perspectives in relation to outsourcing and spending on IT needs and projects may decrease the demand for services provided by UXC. In particular, UXC derives a considerable amount of its revenue from working with Government Agencies, which have a heightened risk of being prone to alterations to spending commitments.

(7) Business improvement risk

If the Scheme is not implemented UXC intends to improve its systems and infrastructure to better position itself for future long-term growth as a stand-alone company. These improvements will require significant investment in capital and human resources and, as with any projects of this nature, carry significant execution risk.

(8) Business disruption risk

In order to present the Scheme to UXC's shareholders, the Company has experienced material disruption to its business whilst facilitating the due diligence required by CSC. If the Scheme is not implemented UXC Shareholders should be aware that it may take a significant period of time for the Company to regain lost business momentum.

UXC has also incurred significant cost in respect of the Scheme prior to the date of this Scheme Booklet, including in relation to the conduct of negotiations and due diligence with Computer Sciences Corporation and in preparation of this Scheme Booklet. If the Scheme is unsuccessful, UXC will have incurred these costs without UXC Shareholders receiving the benefit of the cash payments under the Scheme.

(9) Acquisition risk

If the Scheme is unsuccessful, UXC may pursue acquisition of assets and businesses that meet its investment criteria as opportunities arise and if funding is available. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of the target's business or assets and it is possible that unexpected problems may arise.

(10) Technology changes

The environment in which UXC operates is constantly evolving with new technologies which could act as substitutes for the services offered by UXC. Similarly, to remain competitive, UXC will need to gain relevant knowledge and expertise as and when new technologies emerge. There is no guarantee that UXC can effectively keep pace with changes in technological developments. Failure to do so could result in UXC finding it increasingly difficult to compete in its chosen target segments.

(11) Litigation and disputes

As with any company, UXC is exposed to the risks of claims and litigation (either as the complainant or as the defendant) which may have a material adverse effect on the financial position of UXC. An adverse outcome in litigation or the cost of initiating or responding to potential or actual claims or litigation may have a material adverse impact on financial performance.

(12) Dividends

The payment of dividends on UXC Shares depends on a range of factors including the profitability of UXC, the availability of cash, capital requirements of the business and obligations under debt instruments. Any future dividend levels will be determined by the UXC Directors having regard to its operating results and financial position at the relevant time. There is no guarantee that existing levels of dividends paid will be maintained.

5.8 Public information available for inspection

As a company listed on the ASX and a disclosing entity under the Corporations Act, UXC is subject to regular reporting and disclosure obligations. Broadly, these require UXC to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. UXC's recent announcements are available from www.asx.com.au. Further announcements concerning developments at UXC will continue to be made available on this website after the date of this Scheme Booklet.

UXC is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a statement and report from the UXC Directors and an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the UXC website at www.uxc.com.au/investors.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to ASX by UXC is available on ASX's website at www.asx.com.au.

5.9 UXC securities

As at the date of this Scheme Booklet, UXC has on issue:

- 335,605,113 UXC Shares; and
- 8,848,544 Performance Rights.

6 Information about Computer Sciences Corporation and CSC

Information contained in this section 6 has been prepared by Computer Sciences Corporation. The information concerning Computer Sciences Corporation, CSC and members of the CSC Group and the intentions, views and opinions contained in this section 6 are the responsibility of Computer Sciences Corporation.

6.1 Overview of CSC

CSC or another Australian acquisition entity will acquire all of the issued shares in UXC. CSC is wholly owned by Computer Sciences Corporation.

Certain members of the CSC Group (including Computer Sciences Corporation and CSC) have entered into certain debt facilities that, together with available cash of the CSC Group, will provide CSC with the funds required to satisfy the obligations to pay the Scheme Consideration under the Scheme. Please see section 6.6 below for further details of the funding arrangements for the Scheme Consideration.

6.2 Overview of Computer Sciences Corporation

(a) Corporate overview of Computer Sciences Corporation

Computer Sciences Corporation is listed on the New York Stock Exchange (**NYSE**) (NYSE: CSC). As at 18 November 2015, Computer Sciences Corporation's market capitalisation was approximately US\$9.76 billion.

Computer Sciences Corporation is a global leader of next generation information technology (IT) services and solutions. Computer Sciences Corporation's mission is to enable superior returns on its clients' technology investments through best-in-class industry solutions, domain expertise and global scale.

Computer Sciences Corporation is incorporated in Nevada, United States and headquartered at 3170 Fairview Park Drive, Falls Church, VA 22042 USA. Computer Sciences Corporation has approximately 70,000 employees and reported revenue of US\$11.3 billion for the 12 months ended 2 October 2015.

(b) Spin-off of the US public sector business

On 4 November 2015, the Computer Sciences Corporation board approved the planned spin-off of Computer Sciences Corporation's US public sector business (the **Spin-Off**) into CSRA Inc. (**CSRA**). CSRA will be listed on the NYSE.

The intent to separate Computer Sciences Corporation into two companies, one to serve public sector clients in the US and one to serve global commercial and non-US government clients, was announced on 19 May 2015.

CSRA will consist largely of Computer Sciences Corporation's North American Public Sector (**NPS**) business and be a top three provider of mission-specific IT, infrastructure and business services to US Federal, State and Defence agencies. Upon separation, it will take the name CSRA Inc., reflecting both the focus of the new company and its Computer Sciences Corporation heritage.

Lawrence Prior III, the current Executive Vice President and General Manager of NPS, is expected to serve as the President and Chief Executive Officer of CSRA, pending approval of CSRA's board of directors. Prior has more than 30 years of public and private sector experience, with an extensive background in intelligence, security, technology and defence initiatives.

The commercial and non-US Government business, which will

keep the Computer Sciences Corporation name and brand after the separation, will move forward as the trusted IT services and solutions partner for Fortune 1,000 companies and non-US Government clients, leveraging its industry, infrastructure and consulting expertise to lead customers on their digital transformation journey.

(c) Principal activities and operations

Computer Sciences Corporation reportable segments are as follows. (Note: NPS reporting unit will be reported as a discontinued operation after the separation.)

(1) Global Business Services (GBS)

GBS provides end-to-end applications services, consulting, big data services, and industry-aligned software and solutions to enterprise clients around the world. GBS manages and industrialises clients' application ecosystem through its Applications Services offering. Computer Sciences Corporation has formed a number of strategic partnerships with leading technology companies such as HCL Technologies and SAP to deliver world-class solutions to its customers. The GBS consulting business assists clients in achieving greater value from current IT assets as well as aiding in the direction of future IT investments. GBS software and solutions include vertically aligned solutions and process-based intellectual property. Clients include major global enterprises in the insurance, banking, healthcare, life sciences, manufacturing and a host of diversified industries. Key competitive differentiators for GBS include its global scale, depth of industry expertise, strong partnerships with leading technology companies, vendor and product independence and end-to-end capabilities. Changing business issues such as globalisation, fast-developing economies, government regulation, and growing concerns around risk, security, and compliance drive demand for these GBS offerings.

(2) Global Infrastructure Services (GIS)

GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data centre management, cloud services, cyber security, compute and managed storage solutions to commercial clients globally.

GIS also delivers next-generation hybrid cloud infrastructure solutions to clients. Computer Sciences Corporation integrates public cloud offerings from Amazon Web Services, IBM, Microsoft, and VMware, with its industry-leading private cloud solution, BizCloud. The CSC Agility Platform enables enterprises to manage, monitor and automate applications over heterogeneous and hybrid clouds. The GIS portfolio of standard offerings delivers measurable results while reducing business risk and operational costs for clients. Collaboration with key alliance partners helps Computer Sciences Corporation to determine the best technology road map for clients and opportunities to differentiate solutions, expand market reach, augment capabilities and jointly deliver impactful solutions.

(3) NPS (CSRA)

NPS delivers IT, mission and operations-related services to the US Department of Defence and civil agencies of the US Federal Government, as well as state and local government agencies. Commensurate with Computer Sciences

Corporation's strategy of leading the next generation of IT services, NPS is leveraging Computer Sciences Corporation's commercial best practices and next-generation offerings to bring more cost effective IT solutions to US Government agencies that are seeking efficiency through innovation. This approach is designed to yield lower implementation and operational costs as well as a higher standard of delivery excellence. Demand for NPS offerings are driven by evolving government priorities such as:

- (A) migration to next-generation IT solutions, which includes hybrid cloud infrastructure, application modernisation and orchestration;
- (B) mission intelligence driven by big data solutions;
- (C) health IT and informatics;
- (D) cyber security; and
- (E) mobility.

(d) Computer Sciences Corporation's Board of Directors

Computer Sciences Corporation's Board of Directors as at the date of this Scheme Booklet is comprised of the following members:

Erik Brynjolfsson, Independent Director

AB (Applied Mathematics) Harvard University; MS (Applied Mathematics/Decision Science) Harvard University; PhD (Managerial Economics) Massachusetts Institute of Technology (Appointed Director in 2010)

Dr Brynjolfsson is the Schussel Family Professor at the MIT Sloan School and lectures worldwide on technology strategy, productivity and intangible assets.

He is a research associate at the National Bureau of Economic Research.

Dr Brynjolfsson served as a director of CSK Corporation from 2006 to 2008.

Other directorships include: MIT Center for Digital Business, MIT Sloan Management Review (Chairman).

Rodney F. Chase, Independent Director

BA University of Liverpool

(Appointed Director in 2001; Appointed Non-Executive Chairman of the Board of Directors in 2012)

Mr Chase is currently a Non-Executive Chairman of Genel Energy LTD plc, an international oil and gas exploration company.

He was the former Deputy Group Chief Executive and Managing Director of BP plc, an oil and gas company, from 1992 to 2003.

Mr Chase served as Deputy Chairman of Tesco plc from 2002 to 2010, Lead Director of Nalco Company from 2005 to 2011, and as a Director of Tesoro Corporation, since 2005 and has served as a Director of Hess Corporation since 2013.

Other directorships include: Genel Energy LTD plc (Chairman), Tesoro Corporation, Hess Corporation

Bruce Churchill, Independent Director

BA (American Studies) Stanford University; MBA Harvard University

(Appointed Director in 2014)

Mr Churchill has served as the Executive Vice President of DIRECTV, President of DIRECTV Latin America LLC and as President-New Enterprises since January 2004.

He served as Chief Financial Officer of DIRECTV from January 2004 to March 2005.

Prior to joining DIRECTV, Mr Churchill served as President and Chief Operating Officer of STAR, a position he held beginning in May 2000. Previously, he served as the Deputy Chief Executive Officer of STAR since 1996.

Prior to joining STAR, Mr Churchill served as Senior Vice President, Finance at Fox Television.

Mark Foster, Independent Director

MA (Classics) University College Oxford

(Appointed Director in 2015)

Mr Foster served as Group Chief Executive-Management Consulting of Accenture plc, a global management consulting, technology services and outsourcing company, from September 2006 until his retirement from Accenture in March 2011.

In addition, Mr Foster was the head of Accenture's Global Markets area from September 2009 until March 2011 with oversight of the firm's thought leadership, industry initiatives, investment priorities and client account leadership.

Prior to that, Mr Foster served as Accenture's Group Chief Executive-Products Operating Group from March 2002 to September 2006 with responsibility for the firm's global business in the retail, consumer goods, industrial and health and life sciences sectors.

Prior to that, Mr Foster worked in a variety of positions of increasing responsibility in his 26-year career at Accenture straddling management consulting, technology and outsourcing.

Mr Foster has been a non-executive director of Heidrick & Struggles, the Nasdaq-quoted global executive search company since 2011. He also served as a non-executive director of Fidessa PLC, a FTSE 250 software company headquartered in the United Kingdom from 2012 to 2014.

Other directorships include: Heidrick & Struggles International, Inc.

Nancy Killefer, Independent Director

MBA Massachusetts Institute of Technology

(Appointed Director in 2013)

Ms Killefer is Director Emeritus at McKinsey & Company, Inc., a global management consulting firm. She joined McKinsey in 1979.

From 1997 to 1999, Ms Killefer served as Assistant Secretary for Management and Chief Financial Officer to the U.S. Department of Treasury.

She re-joined McKinsey in 1999, led the Public Sector Practice from 2006, and served as Director from December 1999 to August 2013.

Ms Killefer serves as a Director of the Advisory Board Company and Avon Products Inc. She also serves as Vice Chair on the Business Defense Board and is a member of the MyVA Advisory Committee.

6 Information about Computer Sciences Corporation and CSC

Other directorships include: Advisory Board Company, Avon Products Inc.

Sachin Lawande, Independent Director

BS (Electrical and Electronics Engineering) Bombay University; MS (Electrical and Electronics Engineering) Southern Illinois University (Appointed Director in 2015)

Mr Lawande was appointed President and Chief Executive Officer of Visteon Corporation in June 2015.

From 2013 to 2015, Mr Lawande served as Executive Vice President and President of Harman International Industries, Inc.'s Infotainment Division.

From 2011 to 2013, Mr Lawande served the dual role as the Co-President of Harman's Lifestyle and Infotainment Divisions.

Prior to that, he served as Chief Innovation Officer, Chief Technology Officer, and Co-President of Harman's Automotive Division, responsible for guiding software strategy, development partnerships, and key customer relationships. He was instrumental in launching an offshore development centre in India as part of Harman's strategy for optimizing its global engineering footprint. Mr Lawande joined Harman International in 2006, following senior roles at QNX Software Systems and 3Com Corporation.

J Michael (Mike) Lawrie, President and Chief Executive Officer

BA (History) Ohio University; MBA Drexel University, Philadelphia (Appointed Director in 2012)

Mr Lawrie was Chief Executive Officer of UK-based Misys plc, a leading global IT solutions provider to the financial services industry, from November 2006 to March 2012.

Lawrie was also Executive Chairman of Allscripts-Misys Healthcare Solutions, Inc., an industry leader in electronic health record solutions, from October 2008 to August 2010.

Prior to that, Mr Lawrie was a general partner with Value Act Capital, a San Francisco-based private investment firm, from 2005 to 2006.

He was Chief Executive Officer of Siebel Systems, Inc., the international software and solutions company, from 2004 to 2005.

Previously, Mr Lawrie spent 27 years with IBM where he held various leadership positions, including Senior Vice President and Group Executive, responsible for sales and distribution of all IBM products and services worldwide; General Manager for operations in Europe, the Middle East and Africa; and General Manager of Industries for the Asia Pacific. Mr Lawrie is the former lead independent, non-executive Director of Juniper Networks, Inc., and is also a Trustee of Drexel University, Philadelphia.

Other directorships include: Drexel University (Trustee)

Brian Patrick MacDonald, Independent Director

BS Mount Allison University; MBA McGill University (Appointed Director in 2013)

Brian MacDonald is the former Chief Executive Officer of Hertz Equipment Rental Corporation (HERC). He served in this role from June 2014 to June 2015.

Prior to HERC, he served as President and Chief Executive Officer of ETP Holdco Corporation from October 2012 to June 2013.

Prior to Energy Transfer Partners' acquisition of Sunoco, Inc., in

October 2012, Mr MacDonald served as Chairman, President and Chief Executive Officer of Sunoco, Inc., a leading logistics and retail company based in Philadelphia, PA. He joined Sunoco in August 2009 as Senior Vice President and Chief Financial Officer.

Prior to joining Sunoco, he was Chief Financial Officer for Dell's commercial business unit. Before becoming the commercial business unit's CFO in 2008, he served as Corporate Vice President and Treasurer and led Dell's mergers and acquisitions organization and global treasury group. Prior to joining Dell, Mr MacDonald worked at General Motors Corporation and held a variety of positions in financial management, including Deputy CFO for Isuzu Motors Limited. From 1998 to 2000, he served as Treasurer of GM Canada.

Other directorships include: CDK Global, Inc.

Sean O'Keefe, Independent Director

BA Loyola University; MPA Syracuse University (Appointed Director in 2014)

Mr O'Keefe is a professor at the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Mr O'Keefe served as Chairman and CEO of Airbus Group, Inc., a global corporate, aerospace, defence and space enterprise, from 2009 to 2014.

Prior to that, from 2008 to 2009, Mr O'Keefe served as Vice President of Washington Operations of General Electric. Mr O'Keefe served as a director of DuPont, from 2005 to 2008.

He also serves as a director and Chairman of the Audit Committee of Battelle Memorial Institute, a non-profit research and development organization. He is also Chancellor Emeritus of Louisiana State University.

Other directorships include: Battelle Memorial Institute

Peter Rutland, Independent Director

MA (Economics and Management) from University of Cambridge and MBA from INSEAD (Appointed Director in 2015)

Mr Rutland is a partner and global co-head of Financial Services at CVC Capital Partners Limited.

Prior to joining CVC Capital Partners Limited in 2007, he was a principal at Advent International and served in the investment banking division of Goldman Sachs.

Other directorships include: Avolon Holdings Limited

Robert F. Woods, Independent Director

CPA (1979), BSc (Accounting) from Villanova University and MBA from Widener University (Appointed Director in 2015)

Mr Woods was Senior Vice President and Chief Financial Officer at Sungard Data Systems Inc. from 2010 to 2012, and before that served as Senior Vice President and Chief Financial Officer of IKON Office Solutions.

Woods joined IBM Corporation in 1995 and served in a number of senior positions including Corporate Controller and Treasurer.

Early in his career, Woods worked for Deloitte, Haskins & Sells, later specializing in tax, treasury, accounting and finance at DuPont.

It is intended that there will be some change to composition of the Board upon completion of the Spin-Off.

6.3 Overview of Computer Sciences Corporation in Australia

(a) Corporate overview

Computer Sciences Corporation has operated in Australia since 1970 through its subsidiary CSC. It has offices in every mainland capital city in Australia, aside from Darwin, employs approximately 2,124 people and for the financial year ending 31 March 2015 had revenues of A\$724 million.

CSC offers a broad range of services, including:

- (1) Outsourcing: managing and maintaining IT infrastructure, applications, business processes and systems.
- (2) Systems development and integration: design, build and integrate applications and systems, and professional IT staffing solutions.
- (3) Consulting: strategy and business process design, performance and service level management, customer management, supply chain, enterprise solutions, knowledge management, governance structuring, IT architecture, information security, business change and business continuity.

CSC provides services to a range of large enterprise and blue chip clients in financial services, defence, public sector, health, energy, mining, technology and consumer industries.

(b) CSC timeline of significant events

Year	Event
1970	CSC Australia Pty Ltd was incorporated in the ACT on 5 January and commenced operations in Australia as Computer Sciences (Australia) Limited
1993	CSC Australia Pty Ltd became a wholly owned subsidiary of Computer Sciences Corporation
1996	CSC acquired Continuum Corporation, including Continuum entities in Australia
1999	CSC Australia Pty Ltd acquired GE Capital Information Technology Solutions Australia Pty Ltd
2000	CSC Australia Pty Ltd acquired Electronic Dimensions Pty Ltd
2001	CSC acquired Mynd Corporation, including Mynd entities in Australia
2011	CSC acquired iSOFT Group Limited, including iSOFT entities in Australia and New Zealand
2013	CSC acquired ServiceMesh Inc, including ServiceMesh entity in Australia

(c) Directors of CSC

Wayne Andrews, Director, Finance

B.Bus (UTS), CPA, GAICD, M.AF (Macquarie University)

(Appointed Director in 2012)

Mr Andrews joined CSC in October 2012, leading the organisational transformation program to deliver a record performance in the 2013 financial year.

Prior to CSC, Mr Andrews accumulated over 20 years achievement as a C level executive leading finance and operations

for US multinationals across Asia Pacific, including Oracle Corporation, AC Nielsen and Brink's Security. The scope of these roles has spanned Planning and Strategy, M&A, Shared Services, Technical Accounting and customer facing roles.

Nagaseelan (Seelan) Nayagam, Managing Director

B.Sc. (Honours), Buckingham University, UK

(Appointed Director in 2014)

Mr Nayagam joined CSC in April 2014. Before joining CSC, Mr Nayagam held several senior executive positions with IBM across Asia Pacific and Growth Markets covering Asia, Central and Eastern Europe, Africa and South America. He joined IBM as an executive in Australia in 1999.

Most recently, he served as IBM's Vice President and General Manager for Application Services for the Asia Pacific Region.

6.4 Rationale for proposed acquisition of UXC

Computer Sciences Corporation considers the proposed acquisition of UXC represents a compelling opportunity to maximise value for UXC Shareholders and to create a leading Australian IT services company with strong financial resources positioning it for future growth.

(a) Incremental profitable growth

CSC has revenues of a similar scale to UXC across complementary business lines. Computer Sciences Corporation considers this strategic acquisition will drive incremental profitable growth as a result of scale, client coverage, and additional capabilities and skills.

(b) Increased competitiveness

Computer Sciences Corporation is excited by the possibility of aligning the combined strategic resources of CSC and UXC in order to compete aggressively in the marketplace and deliver value-added solutions to the combined customer base.

(c) Size of revenue and profit

Computer Sciences Corporation considers UXC's revenue and profit will make a significant contribution to Computer Sciences Corporation on a consolidated basis if the Scheme is approved.

(d) Australian and New Zealand presence

UXC's strong presence in Australia and New Zealand is attractive to Computer Sciences Corporation because it sees the region as a key growth area.

(e) Credentials of management

UXC's management team has successfully led UXC to implement mergers and acquisitions to pursue diversification of UXC's business synergies. Computer Sciences Corporation is keen to utilise the existing knowledge and experience of UXC's management team to lead the implementation of Computer Sciences Corporation's global expansion strategies.

(f) Compatibility with CSC

Computer Sciences Corporation believes UXC's management style is very compatible with that of Computer Sciences Corporation's business.

6 Information about Computer Sciences Corporation and CSC

6.5 Intentions of Computer Sciences Corporation if the Scheme is implemented

(a) Intentions generally

This section 6.5 sets out the present intentions of Computer Sciences Corporation based on facts and information concerning UXC and the general business environment that are known to Computer Sciences Corporation at the time of preparation of this Scheme Booklet. Final decisions on these matters will only be made by Computer Sciences Corporation in light of all material facts and circumstances at the relevant time. Accordingly, the statements set out in this section 6.5 are statements of current intention only and may change as new information becomes available or as circumstances change.

(b) Corporate structure

It is intended that either CSC or another Australian acquisition entity wholly-owned by Computer Sciences Corporation will be the parent company of UXC upon implementation of the Scheme. As part of business as usual planning following implementation of the Scheme, there are likely to be changes in the UXC's Group corporate structure as part of integrating the UXC Group into the CSC Group corporate structure.

(c) Strategy

Computer Sciences Corporation intends that its current strategic plan will be applied to the combined entity. It is expected that the combined entity will have a broader geographical footprint, which will assist Computer Sciences Corporation in meeting its strategic objectives.

(d) Board and management

Computer Sciences Corporation recognises the knowledge and experience of UXC's senior management team and looks forward to working with them following implementation of the Scheme with the aim of achieving the key strategies identified above.

Computer Sciences Corporation intends to reconstitute the UXC Board to comprise representatives of Computer Sciences Corporation, with consequential changes to the boards of UXC's subsidiaries.

(e) Employees

Computer Sciences Corporation considers UXC's employees to be an integral part of the UXC business and is undergoing a review of staffing needs to be applied to the combined entity following implementation of the Scheme.

(f) Operations and continuation of business

Computer Sciences Corporation intends to undertake a detailed review of UXC's business and operations to identify opportunities to streamline operations and integrate functions and processes. Depending on the extent of any opportunities identified, the review may or may not lead to changes in the business of UXC.

(g) UXC to be delisted

If the Scheme is implemented, Computer Sciences Corporation will cause UXC to request ASX to remove UXC from the ASX's official list.

6.6 Funding arrangements for Scheme Consideration

(a) Overview

If the Scheme becomes Effective and is implemented, holders of UXC Shares will receive the Scheme Consideration of A\$1.22 per UXC Share held on the Scheme Record Date. Based on the number of UXC Shares on issue as at the date of this booklet, the maximum amount of cash payable by Computer Sciences Corporation to holders of UXC Shares in connection with the Scheme will be approximately \$421 million.

Computer Sciences Corporation intends to fund the Scheme Consideration with a combination of existing cash resources and undrawn committed credit facilities. CSC is a permitted co-borrower under Computer Sciences Corporation's undrawn credit facilities, which permit drawings in six different currencies including A\$.

The Scheme obliges Computer Sciences Corporation and CSC to do everything necessary to ensure that all finance agreements and arrangements to which Computer Sciences Corporation and CSC are parties relating to the availability of funds for the purposes of paying the Scheme Consideration remain on foot.

The Scheme is not conditional on Computer Sciences Corporation obtaining debt finance to fund payment of the Scheme Consideration. Accordingly, the description of the funding arrangements of Computer Sciences Corporation and CSC in this section is provided for information purposes only, to describe the arrangements that Computer Sciences Corporation and CSC have in place to fund the payment of the Scheme Consideration.

(b) Computer Sciences Corporation Cash and Debt finance arrangements

Computer Sciences Corporation intends to fund the Scheme Consideration from internally generated cash from operations and an existing syndicated credit facility of the CSC Group with 20 international banks (with the administrative agent being Citibank, N.A.) (the Facility). The Facilities represent over US\$2.5 billion in credit facilities, of which CSC is a co-borrower, including a US\$500 million undrawn sub-tranche.

The Facility is made available to Computer Sciences Corporation for the purposes of, among other things, funding a portion of the Scheme Consideration and funding payment of fees, costs and expenses incurred by the CSC Group in connection with the Scheme and the Facility.

6.7 Interests in UXC Shares

(a) Interests in UXC Shares

- (1) As at the date of this Scheme Booklet, Computer Sciences Corporation and its Associates do not have any Relevant Interest in any UXC Share or any voting power in UXC, except any interest Computer Sciences Corporation and its Associates have in UXC Shares under any pension or employee benefits plan.
- (2) Except for the Scheme Consideration to be provided under the Scheme, during the period of four months before the date of this Scheme Booklet, Computer Sciences Corporation and its Associates have not provided or agreed to provide consideration for any UXC Shares under a purchase or other agreement.

(3) During the four months before the date of this Scheme Booklet, Computer Sciences Corporation and its Associates have not given, or offered to give, or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

(A) vote in favour of the Scheme; or

(B) dispose of UXC Shares,

where the benefit was not offered to all UXC Shareholders.

(b) Benefits in connection with retirement from office

(1) There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of UXC (or its Related Bodies Corporate) as compensation for the loss of or consideration for or in connection with his or her retirement from office in UXC or any of its Related Bodies Corporate in connection with the Scheme.

(2) Computer Sciences Corporation will not be making any payment or giving any benefit to any current member of the UXC Board as compensation or consideration for, or otherwise in connection with, their resignation from the UXC Board, if the Scheme becomes Effective and the UXC Board is accordingly reconstituted.

6.8 Other material information

(a) FIRB approval

As outlined in section 8.3(b), the Scheme is subject to the approval of the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth). As noted in section 8.4, this Condition Precedent has now been satisfied.

(b) Customer Contract

As outlined in section 8.3(b), the Scheme is also subject to the consent or confirmation of the counterparties of certain material contracts, as outlined in Schedule 4 of the Scheme Implementation Deed.

(c) Other matters

Except as set out in this section 6, there is no other information regarding Computer Sciences Corporation or its intentions regarding UXC, that is material to the making of a decision by a UXC Shareholder in relation to the Scheme, being information that is within the knowledge of any director of Computer Sciences Corporation as at the date of this Scheme Booklet, which has not been previously disclosed to UXC Shareholders.

7 Taxation implications

7.1 Introduction

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective) for UXC Shareholders who participate in the Scheme. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those UXC Shareholders who hold their UXC Shares on capital account and acquired, or have been deemed to acquire, their UXC Shares on or after 20 September 1985.

The description is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a UXC Shareholder. UXC Shareholders should seek independent professional advice in relation to their own particular circumstances.

The description does not address the Australian tax consequences for UXC Shareholders who:

- hold their UXC Shares for the purposes of speculation or a business of dealing in securities (eg as trading stock);
- acquired their UXC Shares pursuant to an employee share, option or rights plan; or
- are subject to the taxation of financial arrangements rules in Division 230 of *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their UXC Shares.

UXC Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

7.2 ATO class ruling

UXC has applied to the ATO requesting a class ruling to confirm the key taxation implications of the Scheme and the Interim Dividend for UXC Shareholders as noted below (**Class Ruling**).

The Class Ruling has not been finalised as at the date of the Scheme Booklet. UXC anticipates that the ATO will provide a draft of the Class Ruling prior to the Scheme becoming Effective. UXC will make an announcement to ASX if it receives the Class Ruling (or a draft of it which is reasonably satisfactory to UXC) before the Scheme Meeting or the Second Court Hearing.

When the final Class Ruling is published by the ATO, it will be available on the ATO website at www.law.ato.gov.au. It is anticipated that the Commissioner's views in the Class Ruling will be generally consistent with this taxation report. However, it is possible that the Commissioner may reach a different conclusion. Accordingly, it is important that this taxation report be read in conjunction with the class ruling issued by the ATO.

7.3 Australian resident shareholders

(a) Capital Gains Tax (CGT)

Under the Scheme, UXC Shareholders will dispose of their UXC Shares to CSC. This disposal will constitute a CGT event A1 for Australian CGT purposes for UXC Shareholders.

The time of the CGT event will be the date the Scheme is implemented.

(b) Calculation of capital gain or capital loss

UXC Shareholders may make a capital gain on the disposal of

UXC Shares to the extent that the capital proceeds from the disposal of the UXC Shares are more than the cost base of those UXC Shares. Conversely, UXC Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those UXC Shares.

(1) Cost base

The cost base of the UXC Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the UXC Shares is usually determined in a similar, but not identical, manner.

If the UXC Shares were acquired at or before 11.45am on 21 September 1999, a UXC Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of their UXC Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which their UXC Shares were acquired until the quarter ended 30 September 1999. UXC Shareholders that are companies will include that indexation adjustment if their UXC Shares were acquired at or before 11.45am on 21 September 1999. Indexation adjustments are taken into account only for the purposes of calculating capital gains; they are ignored when calculating capital losses.

(2) Capital proceeds

The capital proceeds received in respect of the disposal of each UXC Share should be \$1.22 per UXC Share, being the amount of the Scheme Consideration.

(3) CGT discount

Individuals, complying superannuation entities or trustees that have held UXC Shares for at least 12 months but do not index the cost base of the UXC Shares (refer above) may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of UXC Shares by 50% in the case of individuals and trustees or by 33 % for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

(4) Taxation consequences of the Interim Dividend

It is considered that the Interim Dividend for the half year ending 31 December 2015 will not form part of the capital proceeds received in respect of the disposal of each UXC Share under the Scheme. In particular, the Scheme is not conditional on payment of the Interim Dividend and the Interim Dividend will be funded from UXC's own resources without any participation of CSC or its Related Bodies Corporate, is consistent with the interim dividends of prior years and does not affect the Scheme Consideration. This conclusion is consistent with the reasoning of the Australian Taxation Office in Tax Ruling TR 2010/4.

UXC Shareholders who are Australian tax residents and who receive the Interim Dividend should include the amount of the Interim Dividend in their assessable income. It is expected that the Interim Dividend will be fully franked.

If certain requirements are met, the UXC Shareholders who receive the Interim Dividend will be:

- (A) required to include the amount of the attached franking credits in their assessable income; and
- (B) entitled to a tax offset equal to the amount of the franking credits attached to the Interim Dividend.

These requirements include:

- the UXC Shareholder being a 'qualified person' in relation to the Interim Dividend; and
- whether certain dividend franking integrity measures apply.

In order for a UXC Shareholder to be a 'qualified person' they must hold their UXC Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period. The prescribed period is expected to be from 30 December 2015 to 18 February 2016 (inclusive). Accordingly, to ensure a UXC Shareholder satisfies this requirement, the UXC Shareholder must be on the Register no later than 2 January 2016. The Class Ruling will outline in further detail the ATO's views as to when a UXC Shareholder will satisfy the relevant holding period test with respect to the Interim Dividend. However, this rule does not apply to a UXC Shareholder in some special cases, including where the UXC Shareholder is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year ending 30 June 2016.

If you are an individual or complying superannuation fund and your tax liability for the income year is less than the amount of the franking credits attached to the Interim Dividend, you may be entitled to a refund for the excess franking credits. This does not extend to companies, except in very limited circumstances.

The Class Ruling request lodged by UXC also seeks the ATO confirmation that the other integrity provisions which may operate to prevent a UXC Shareholder from being entitled to a tax offset for the franking credits attached to the Interim Dividend will not apply.

7.4 Non-resident shareholders

For a UXC Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their UXC Shares in carrying on a business through a permanent establishment in Australia;

the disposal of UXC Shares will generally only result in Australian CGT implications if:

- (a) that UXC Shareholder together with its associates held 10% or more of the UXC Shares at the time of the CGT event or for any continuous 12 month period within 2 years preceding the CGT event (referred to as a 'non-portfolio interest'); and
- (b) more than 50% of UXC's value is due to direct or indirect interests in Australian real property (as defined in the income tax legislation).

If you are a non-resident who holds a 'non-portfolio interest' in UXC, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident individual UXC Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the UXC Shares as set out in section 7.3.

7.5 Goods and services tax (GST)

UXC Shareholders should not be liable to GST in respect of a disposal of those UXC Shares.

UXC Shareholders may be charged GST on costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. UXC Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

8 Additional information

8.1 Interests of UXC Directors in UXC

As at the date of this Scheme Booklet, the number of UXC Shares held by or on behalf of the UXC Directors is as follows:

Director	Number of UXC Shares
Geoffrey Cosgriff	4,531,704
Geoff Lord	16,702,114
Cris Nicolli	5,486,931
Jean-Marie Smart	607,443
Gail Pemberton	140,211
Brian Mitchell	241,000
Doug Snedden	150,000

No director of UXC has acquired or disposed of a Relevant Interest in any UXC Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

In addition, as at the date of this Scheme Booklet, Cris Nicolli also holds 1,848,340 Performance Rights, which are on the terms described in section 8.5.

8.2 Interests of UXC Directors in Computer Sciences Corporation and CSC

No director of UXC has a Relevant Interest in any shares in Computer Sciences Corporation or CSC.

No director of UXC acquired or disposed of a Relevant Interest in any shares in Computer Sciences Corporation or CSC in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

8.3 Summary of Scheme Implementation Deed

(a) Summary of Scheme Implementation Deed

On 25 November 2015, UXC and Computer Sciences Corporation entered into a Scheme Implementation Deed under which UXC agreed to propose the Scheme. The Scheme Implementation Deed contains terms and conditions that are standard for these types of agreements, including in relation to the parties' obligations to implement the Scheme and UXC's obligation to conduct its business in the ordinary course during the Scheme process.

A summary of the key elements of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was lodged with ASX on 25 November 2015 and can be obtained from www.asx.com.au or from www.uxc.com.au/investors.

(b) Conditions

Implementation of the Scheme is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented:

- **FIRB approval:** the Federal Treasurer advising Computer Sciences Corporation that the Commonwealth of Australia has no objections to Computer Sciences Corporation acquiring UXC under the Scheme;
- **Court approval:** the Court approves the Scheme;
- **Shareholder approval:** UXC Shareholders approve the Scheme;
- **No material adverse change:** no material adverse change (described at the end of this section) occurs before 8.00am on the Second Court Date;
- **No UXC Prescribed Occurrence:** no UXC Prescribed

Occurrence occurs before 8.00am on the Second Court Date, which includes certain events within UXC's control and insolvency events;

- **Representations and warranties:** the representations and warranties given by UXC and Computer Sciences Corporation to each other are true and correct in all material respects as at the date of the Scheme Implementation Deed and as at 8.00am on the Second Court Date, except where expressed to be operative at another date;
- **Prohibition of transaction:** no law or final order by a Government Agency prevents or prohibits implementation of the transaction in certain jurisdictions before 8.00am on the Second Court Date;
- **New Litigation:** no new litigation that is reasonably likely to give rise to a liability to the UXC Group of \$5,000,000 or more is pending or has commenced against a member of the UXC Group before 8.00am on the Second Court Date; and
- **Customer Contracts:** consent to the change of control in UXC is obtained from at least 15 of the 20 customers of UXC listed in Schedule 4 of the Scheme Implementation Deed.

Full details of the conditions and the ability of UXC and Computer Sciences Corporation to rely on the various conditions and the provisions relating to satisfaction or waiver of these conditions are set out in clause 3 of the Scheme Implementation Deed. As at the date of this Scheme Booklet, UXC is not aware of any reason why the conditions will not be satisfied.

A summary of the status of the regulatory conditions is set out in section 8.4.

(c) Exclusivity

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Computer Sciences Corporation. These arrangements are in line with market practice in this regard and may be summarised as follows:

- **No Shop:** UXC must not solicit any inquiry, expression of interest, proposal or discussion by any person other than Computer Sciences Corporation in relation to a Competing Transaction.
- **No Talk:** UXC must not participate in discussions or provide any material, non-public information that would reasonably be expected to lead to a Competing Transaction.
- **Notification:** If UXC is approached in relation to a Competing Transaction UXC must notify Computer Sciences Corporation of any such approach, and provide the identity of the relevant person making or proposing the Competing Transaction.
- **Matching Right:** UXC is prohibited from entering into an agreement to undertake a Competing Transaction and must do all things reasonably within its power to procure that none of the UXC Directors recommend a Competing Transaction unless UXC has received a bona fide, written Competing Transaction and given Computer Sciences Corporation at least three Business Days to provide a matching or superior proposal to the terms of the Competing Transaction.

However, UXC is not required to comply with its obligations under the no talk provision in the Scheme Implementation Deed if the UXC Board determines that complying with those provisions would be likely to constitute a breach of the fiduciary or statutory duties owed by any UXC Director.

These exclusivity arrangements are set out in full in clause 10 of the Scheme Implementation Deed.

(d) Reimbursement Fee

In accordance with market practice, UXC has agreed to pay Computer Sciences Corporation a cash reimbursement fee of \$4,335,000 (excluding GST) (**Reimbursement Fee**) in certain circumstances. Those circumstances are:

- **Change of recommendation or recommendation of a Competing Transaction:** any member of the UXC Board withdraws or adversely modifies his or her support of the Scheme or his or her recommendation that UXC Shareholders vote in favour of the Scheme, or makes a public statement indicating that they no longer support the Scheme or that they support a Competing Transaction, other than as a result of:
 - (1) the Independent Expert opining that the Scheme is not in the best interests of Scheme Shareholders (other than as a result of a Competing Transaction);
 - (2) Computer Sciences Corporation is in material breach of the Scheme Implementation Deed and this breach is not remedied to UXC's reasonable satisfaction within 10 Business Days of notice being given; or
 - (3) a failure of a condition precedent relating to FIRB approval, Court or shareholder approvals or prohibition of the Transaction, other than as a result of a breach by UXC of its obligations to use its best endeavours to procure that the conditions are satisfied;
- **Change of control of UXC:** a Competing Transaction is announced prior to the Second Court Date and, within 6 months of the date of such announcement, the person announcing or making the Competing Transaction:
 - (1) acquires a Relevant Interest in, or becomes the holder of, or otherwise acquires, directly or indirectly, 50% or more of UXC Shares and that acquisition is unconditional and free of defeating conditions;
 - (2) acquires or becomes the holder of, or otherwise, acquires an economic interest in all or a substantial part of the business of UXC and its subsidiaries;
 - (3) acquires control (as determined in accordance with section 50AA of the Corporations Act, disregarding sub-section 50AA(4)) of UXC; or
 - (4) otherwise acquires or merges with UXC; or
- **Material breach:** Computer Sciences Corporation terminates the Scheme Implementation Deed either:
 - (1) as a result of UXC being in material breach of any clause of the Scheme Implementation Deed where that breach either cannot be remedied or is not remedied to the reasonable satisfaction of Computer Sciences Corporation within 10 Business Days' notice; or
 - (2) the no Prescribed Occurrence or no breach of UXC representations and warranties conditions are not capable of being satisfied.

The UXC Directors consider the Reimbursement Fee is reasonable and appropriate in amount, structure and effect. The fee is not payable if the Scheme does not proceed merely because UXC Shareholders do not vote in favour of the Scheme in sufficient numbers to satisfy the legal requirements.

For full details of the Reimbursement Fee, see clause 11 of the Scheme Implementation Deed.

(e) Computer Sciences Corporation Break Fee

Computer Sciences Corporation has agreed to pay UXC a cash break fee of \$4,335,000 (excluding GST) if Computer Sciences Corporation is in material breach of any clause of the Scheme Implementation Deed where that breach either cannot be remedied, or is not remedied to the reasonable satisfaction of UXC within 10 Business Days' notice.

(f) Termination

Either party can terminate the Scheme Implementation Deed:

- in certain circumstances where an event occurs which would, or does, prevent a condition being satisfied;
- where the other party is in material breach of that deed and that breach either cannot be remedied or is not remedied to the reasonable satisfaction of the non-breaching party within 10 Business Days' notice, and where the material breach relates to a representation and warranty given to the other party, the loss reasonably expected from the breach is material in the context of the Scheme as a whole; or
- where a UXC Director changes or withdraws his or her recommendation to UXC Shareholders to vote in favour of the Scheme, or recommends a Competing Transaction.

Computer Sciences Corporation may also terminate the Scheme Implementation Deed in the event of a material adverse change, being a matter which has, has had, or is reasonably likely to have, the effect (whether individually or in aggregate) of diminishing the consolidated net assets of the UXC Group by at least \$23 million or diminishing the future consolidated recurring earnings before interest, tax, depreciation and amortisation of the UXC Group by at least \$5 million per year. The definition of material adverse change is subject to certain carve-outs in favour of UXC, including for matters fairly disclosed to ASX or Computer Sciences Corporation prior to the date of the Scheme Implementation Deed.

8.4 Status of regulatory conditions

As at the date of this Scheme Booklet, the Federal Treasurer has confirmed that the Commonwealth of Australia has no objection to the Scheme under Australia's foreign investment policies. Accordingly, the FIRB approval condition has been satisfied.

8.5 UXC executive incentive arrangements

(a) Overview of arrangements

As detailed in UXC's annual report for the year ended 30 June 2015, UXC operates both a medium term and long term incentive plan pursuant to which Performance Rights are issued to provide incentives and rewards for UXC's senior management team.

As at the date of this Scheme Booklet, 8,848,544 Performance Rights, which entitle the holder to acquire one fully paid UXC Share, subject to satisfaction of certain performance conditions, which are referable to UXC's financial performance over a set time period. These Performance Rights have a zero exercise price.

(b) Implications of the Scheme for participants in the incentive plans

Pursuant to the Incentive Plan rules, the UXC Board has the discretion to (amongst other things) waive any of the vesting and exercise conditions attaching to some or all of the Performance Rights. Furthermore, the Incentive Plan rules allow the UXC Board to automatically exercise the Performance Rights upon a

8 Additional information

reorganisation (including merger or other scheme of arrangement) being sanctioned by a Court or general meeting of the company's security holders.

If the Scheme becomes Effective, then the holders of the Performance Rights will be allocated the number of UXC Shares equivalent to the number of Performance Rights which are held by that person. In practical terms this means that after the Effective Date, but prior to the Scheme Record Date, one UXC Share will be issued in respect of each Performance Right for the benefit of the relevant holder of the Performance Right. Those resulting UXC Shares will then participate in the Scheme and the Scheme Consideration of \$1.22 and the Interim Dividend of \$0.02 will be paid in respect of those UXC Shares.

8.6 Benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of UXC (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in UXC (or any of its Related Bodies Corporate) in connection with the Scheme.

For completeness, it is noted that, as announced on 29 October 2015, Managing Director & CEO, Mr Cris Nicolli has informed the UXC Board of his intention to retire in 2016 after 12 years of service with UXC, including 5 years as Managing Director & CEO.

(b) Agreements connected with or conditional on the Scheme

There are no agreements or arrangements made between any UXC Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than as set out below or, Cris Nicolli, in his capacity as a holder of executive incentive arrangements.

Computer Sciences Corporation has agreed to indemnify each UXC Director from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising out of any breach of any of the representations and warranties given by Computer Sciences Corporation (as applicable) in Schedule 2 of the Scheme Implementation Deed.

(c) Interests of UXC Directors in contracts with Computer Sciences Corporation or CSC

None of the UXC Directors has any interest in any contract entered into by Computer Sciences Corporation. None of the UXC Directors has any interest in any contract entered into by CSC.

(d) Benefits under the Scheme or from Computer Sciences Corporation or CSC

None of the UXC Directors has agreed to receive, or is entitled to receive, any benefit from Computer Sciences Corporation which is conditional on, or is related to, the Scheme, other than as set out in clause 8.6(b).

None of the UXC Directors has agreed to receive, or is entitled to receive, any benefit from CSC which is conditional on, or is related to, the Scheme, other than as set out in clause 8.6(b).

8.7 ASX relief

ASX has granted UXC a waiver of ASX Listing Rule 6.23.3 and 6.23.4 to the extent necessary to permit the treatment of the executive incentive arrangements as set out in section 8.5.

8.8 Consents and disclosures

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Computer Sciences Corporation in respect of the Computer Sciences Corporation Information only; and
- KPMG Financial Advisory Services (Australia) Pty Ltd as the Independent Expert.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Nomura Australia Limited as financial adviser to UXC; and
- Link Market Services Limited as the UXC Registry.

(b) Disclosures and responsibility

Further, each person named in section 8.8(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - Computer Sciences Corporation in respect of the Computer Sciences Corporation Information only; and
 - KPMG Financial Advisory Services (Australia) Pty Ltd, in relation to its Independent Expert's Report, and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 8.8(b).

8.9 No unacceptable circumstances

The UXC Directors believe that the Scheme does not involve any circumstances in relation to the affairs of UXC that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

8.10 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any UXC Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to UXC Shareholders.

8.11 Supplementary information

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, UXC becomes aware that:

- a material statement in this Scheme Booklet is false or misleading;

- For personal use
- there is a material omission from this Scheme Booklet;
 - a significant change affecting a matter in this Scheme Booklet has occurred; or
 - a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

UXC will prepare a supplementary document to this Scheme Booklet.

The form which the supplementary document may take, and whether a copy will be sent to each UXC Shareholder, will depend on the nature and timing of the new or changed circumstances.

In all cases, the supplementary document will be available from UXC's website at www.uxc.com.au/investors and from the ASX website at www.asx.com.au.

9 Glossary and interpretation

9.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below:

Term	Meaning
AEDT	Australian Eastern Daylight Time.
ASIC	Australian Securities and Investments Commission.
Associate	has the same meaning as in section 12 of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
ATO	Australian Taxation Office.
Business Day	a weekday in which trading banks are open for business in Melbourne, Victoria, Australia.
Competing Transaction	<p>any proposed or possible transaction or arrangement, which, if entered into or completed substantially in accordance with its terms, would mean a person other than Computer Sciences Corporation (either alone or together with any other person) would:</p> <ol style="list-style-type: none"> 1 acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic or beneficial interest in or control of all or a substantial part of the business and assets of the UXC Group, taken as a whole; 2 acquire (whether directly or indirectly), under that transaction or arrangement, the power to exercise, or control the exercise of, the right to vote attached to 20% or more of the UXC Shares; 3 acquire control (as determined in accordance with section 50AA of the Corporations Act) of UXC; or 4 otherwise acquire or merge with UXC, <p>whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.</p>
Computer Sciences Corporation	Computer Sciences Corporation of 3170 Fairview Park Drive, Falls Church, Virginia 22042.
Computer Sciences Corporation Information	<p>the information contained in:</p> <ul style="list-style-type: none"> • the paragraph commencing “Any forward-looking statements included in the Computer Sciences Corporation Information” in the subsection headed ‘Disclaimer as to forward-looking statements’ in the Important Notices; • the answer to the question “Who is CSC?” in section 2; and • section 6.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of Victoria or such other Court of competent jurisdiction under the Corporations Act agreed to in writing by UXC and Computer Sciences Corporation.
CSC	CSC Computer Sciences Australia Holdings Pty Ltd.
CSC Group	Computer Sciences Corporation and each of its Related Bodies Corporate and a reference to a “CSC Group Member” or a “member of the CSC Group” is to UXC or any of its Related Bodies Corporate.
Deed Poll	the deed poll executed by Computer Sciences Corporation and CSC on 25 November 2015 pursuant to which Computer Sciences Corporation and CSC acknowledges and confirm their obligations under the Scheme. A copy of the form of Deed Poll is contained in Annexure C.
Effective	when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.
Effective Date	the date on which the Scheme comes into effect pursuant to section 411(10) of the Corporations Act.
End Date	31 March 2016, unless extended in accordance with the Scheme Implementation Deed.
FIRB	the Foreign Investment Review Board of Australia.
FYXX	financial year ending 30 Jun 20XX.
Government Agency	any foreign or Australian Government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or minister of the Crown in right of the Commonwealth of Australia or any state.
Implementation Date	the fifth Business Day after the Scheme Record Date.
Incentive Plan	the medium term and long term incentive plan operated by UXC pursuant to which Performance Rights are issued to incentivise and reward senior management for performance.

Term	Meaning
Independent Expert	KPMG Financial Advisory Services (Australia) Pty Ltd.
Independent Expert's Report	the report prepared by the Independent Expert dated 18 December 2015 set out in Annexure A.
Interim Dividend	a fully franked cash dividend of \$0.02 per UXC Share, that the Board has resolved for UXC to pay, conditional on the Scheme becoming Effective, on the Interim Dividend Payment Date.
Interim Dividend Payment Date	means Thursday, 18 February 2016, or such other date agreed between Computer Sciences Corporation and UXC.
Interim Dividend Record Date	means Friday, 12 February 2016, or such other date agreed between Computer Sciences Corporation and UXC.
Listing Rules	the official listing rules of the ASX.
Notice of Meeting	the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.
Proxy Form	the proxy form which accompanies this Scheme Booklet.
Register	the share register of UXC.
Regulatory Authority	includes ASX or ASIC, a government or governmental, semi-governmental or judicial entity or authority, a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government and any regulatory organisation established under statute.
Reimbursement Fee	has the meaning given in section 8.3(d).
Related Body Corporate	has the same meaning given to it in the Corporations Act.
Relevant Interest	has the same meaning as given by sections 608 and 609 of the Corporations Act.
Scheme or Scheme of Arrangement	the scheme of arrangement between UXC and the Scheme Shareholders under which all Scheme Shares will be transferred to CSC in accordance with Part 5.1 of the Corporations Act, substantially in the form in Annexure B, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
Scheme Booklet	this document.
Scheme Consideration	in respect of each Scheme Share, \$1.22 cash.
Scheme Implementation Deed	the Scheme Implementation Deed between UXC and Computer Sciences Corporation dated 25 November 2015. A summary is set out in section 8.3, and a full copy can be obtained from UXC's website at www.uxc.com.au/investors .
Scheme Meeting	the meeting of UXC Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Record Date	7.00pm (AEDT) on the fifth Business Day after the Effective Date.
Scheme Resolution	the resolution to agree to the terms of the Scheme.
Scheme Share	a UXC Share held by a Scheme Shareholder as at the Scheme Record Date.
Scheme Shareholder	each person who is a UXC Shareholder at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Shareholder Information Line	1800 645 237 from within Australia and +61 1800 645 237 from outside Australia.

9 Glossary and interpretation

Term	Meaning
Superior Proposal	<p>a bona fide Competing Transaction of the kind referred to in either paragraph 1, 3 or 4 of the definition of Competing Transaction which the UXC Board, acting in good faith, and after taking written advice from legal and financial advisers, determines is:</p> <ol style="list-style-type: none"> 1 reasonably capable of being valued and reasonably likely to be completed on a timely basis, taking into account all aspects of the Competing Transaction and the person making it (including such person's identity, reputation and financial condition), including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and 2 more favourable to UXC Shareholders than the Transaction, taking into account all terms and conditions of the Competing Transaction.
Transaction	the acquisition of UXC by CSC through implementation of the Scheme.
UXC or the Company	UXC Limited (ABN 65 067 682 928).
UXC Board or Board	the board of directors of UXC.
UXC Director or Your Director	a member of the UXC Board.
UXC Group	UXC and each of its Related Bodies Corporate and a reference to a "UXC Group Member" or a "member of the UXC Group" is to UXC or any of its Related Bodies Corporate.
UXC Information	the information contained in this Scheme Booklet, other than the Computer Sciences Corporation Information and the information contained in Annexure A.
UXC Prescribed Occurrence	<p>other than:</p> <ol style="list-style-type: none"> 1 as expressly required or permitted by this deed or the Scheme; 2 as fairly disclosed to ASX or to Computer Sciences Corporation in the due diligence materials prior to the date of the Scheme Implementation Deed; or 3 with the written consent of Computer Sciences Corporation, (not to be unreasonably withheld), the occurrence of any of the following between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date: <ol style="list-style-type: none"> 1 UXC converting all or any of its shares into a larger or smaller number of shares or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 2 UXC resolving to reduce its share capital in any way; 3 UXC: <ul style="list-style-type: none"> • entering into a buy back agreement; or • resolving to approve the terms of a buy back agreement under the Corporations Act; 4 a member of the UXC Group issuing shares, or granting a performance right or an option over an unissued share, or agreeing to make such an issue or grant such a right or an option, other than: <ul style="list-style-type: none"> • on vesting or exercise of, or in respect of, an Executive Incentive Arrangement existing as at the date of the Scheme Implementation Deed but in all circumstances, in respect of the issue of UXC Shares, not exceeding 9,269,957 UXC Shares; or • as consideration pursuant to an agreement relating to the acquisition of assets or shares that has been disclosed to ASX or to Computer Sciences Corporation in the Due Diligence Materials prior to the date of the Scheme Implementation Deed for total consideration not exceeding \$7,533,000; 5 a member of the UXC Group issuing, or agreeing to issue, securities convertible into shares or debt securities; 6 other than the distribution permitted under the Scheme Implementation Deed, UXC declaring, paying or distributing any dividend, bonus or other share of its profits or assets; 7 save for a contract to which the customer consent condition in the Scheme Implementation Deed applies, a party to a contract entered into by a member of the UXC Group and that generates, or is expected to generate, annual revenue of more than \$5,000,000 (individually or in aggregate) for the UXC Group, validly terminating that contract due to the Transaction; 8 a member of the UXC Group acquiring or disposing, or agreeing to acquire or dispose, of any business, assets or entity the value of which exceeds \$5,000,000 (individually or in aggregate); 9 a member of the UXC Group entering into any new commitments for capital expenditure the value of which exceeds \$1,500,000 (individually or in aggregate);

Term	Meaning
UXC Prescribed Occurrence continued	<p>10 a member of the UXC Group materially varying or terminating any contract that generates, or is expected to generate, \$5,000,000 (individually or in aggregate) or more in gross annual revenue or gross annual expenditure for the UXC Group;</p> <p>11 a member of the UXC Group entering into any contract that generates, or is expected to generate, \$10,000,000 (individually or in aggregate) or more in gross annual revenue or expenditure for the UXC Group;</p> <p>12 a member of the UXC Group varying any employment agreement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise increasing compensation or benefits for any of the above (other than in the ordinary course of UXC Group's business, pursuant to contractual arrangements or UXC policies and guidelines in effect on the date of the Scheme Implementation Deed or as required by law or regulation);</p> <p>13 a member of the UXC Group charging, or agreeing to charge or grant any form of security interest over, the whole, or a substantial part, of the UXC Group's business or property;</p> <p>14 an insolvency event occurs in relation to a member of the UXC Group;</p> <p>15 a member of the UXC Group making any change to its constitution;</p> <p>16 a member of the UXC Group entering into, or resolving to enter into, a transaction with any related party of UXC (other than a related party that is a member of the UXC Group), as defined in section 228 of the Corporations Act;</p> <p>17 a member of the UXC Group amending in any respect any agreement or arrangement with a financial advisor, or entering into an agreement or arrangement with a new financial advisor, in respect of the Transaction or a Competing Transaction;</p> <p>18 a member of the UXC Group paying any of its directors, officers or senior executives a termination or retention payment, other than as otherwise agreed in writing by UXC and CSC (acting reasonably) or in accordance with contractual arrangements in place on the date of the Scheme Implementation Deed and which have been disclosed to Computer Sciences Corporation in the due diligence materials prior to the date of the Scheme Implementation Deed in excess of \$100,000 (in aggregate);</p> <p>19 UXC Shares cease to be quoted on the ASX; or</p> <p>20 UXC contravenes the Corporations Act, and such contravention results in a material adverse change (as defined in the Scheme Implementation Deed).</p>
UXC Registry	Link Market Services Limited, ACN 083 214 537.
UXC Share	a fully paid ordinary share in the capital of UXC.
UXC Shareholder	each person registered in the Register as a holder of UXC Shares.
VWAP	volume weighted average price.

9.2 Interpretation

In this Scheme Booklet:

- (a) words of any gender include all genders;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section or annexure, is a reference to a section of or annexure of, to this Scheme Booklet as relevant;
- (e) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (f) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (g) a reference to time is a reference to AEDT;
- (h) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
- (i) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- (j) the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure A – Independent Expert's Report



KPMG Corporate Finance

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The Directors
UXC Limited
Level 19
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Melbourne VIC 3000

18 December 2015

Dear Directors

INDEPENDENT EXPERT REPORT AND FINANCIAL SERVICES GUIDE

PART ONE –INDEPENDENT EXPERT'S REPORT

1

Introduction

On 6 October 2015, the Board of Directors of UXC Limited (UXC) announced that it had received an indicative, non-binding and conditional proposal from Computer Sciences Corporation (CSC) to acquire 100 percent of the share capital in UXC for cash consideration of \$1.26 per UXC share and a franked dividend of 2 cents per share for the half year ending 31 December 2015 (Indicative Proposal).

Following a period of exclusive due diligence, UXC announced on 25 November 2015 that it had entered into a Scheme Implementation Deed with CSC under which it is proposed that a wholly owned subsidiary of CSC will acquire all of the issued share capital in UXC for cash consideration of \$1.22 for each share. In addition, UXC shareholders will be entitled to a franked dividend of 2 cents per UXC share for the half year ending 31 December 2015 (the Revised Proposal). The acquisition would proceed by way of a scheme of arrangement (Scheme).

The adjustment to the offer consideration reflects an acknowledgement by both parties that the synergies available may take longer to be realised than first anticipated, a higher required working capital position than initially anticipated by the bidder and differences between US GAAP and Australian accounting standards.

Further details in relation to the Scheme are set out in Section 5 of this report.

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KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



UXC is one of the largest information technology (IT) services company listed on the ASX Limited (ASX). It provides IT consulting, implementation of applications and hardware, IT outsourcing and support to around 2,500 clients primarily in Australia and increasingly internationally. Immediately prior to the announcement of the Indicative Proposal, UXC had a market capitalisation of \$445 million.

CSC is a global IT services company and is listed on the New York Stock Exchange. It provides IT and business consulting, implementation of applications and hardware, IT outsourcing and support to around 2,500 clients in over 60 countries. It had a market capitalisation of US\$4.2 billion as at 14 December 2015.

In the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of UXC shareholders, each UXC director intends to vote all shares held or controlled by them in favour of the Scheme.

The Directors of UXC have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) prepare an independent expert's report setting out whether the Scheme is in the best interests of UXC shareholders.

This report outlines KPMG Corporate Finance's opinion as to the merits or otherwise of the Scheme. This report should be considered in conjunction with and not independently of the information set out in the Notice of meeting and Explanatory statement (Scheme Booklet).

Further information regarding the scope of this report is set out in Section 6.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Requirement for our report

The Directors of UXC have requested that KPMG Corporate Finance prepare a report in accordance with Section 411 of the Corporations Act (Act) and the guidance provided by the Australian Securities and Investments Commission (ASIC) (although there is no technical requirement for an independent expert's report to be prepared in relation to the Scheme).

Section 411(3) of the Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement under Section 411 of the Act include information that is material to the making of a decision by a creditor or member as to whether or not to agree with the relevant proposal. Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with ASIC must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company, or
- where the parties to the reconstruction have common Directors.

ASIC Regulatory Guide 60 notes that even if an expert report is not required under the Corporations Regulations, it is common for a scheme company to commission one voluntarily for a transaction that is complex or effects a takeover.

Annexure A – Independent Expert's Report



UXC Limited
Independent Expert Report
18 December 2015

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

Further details regarding the basis of our assessment are set out in section 6.2 of this report.

3 Opinion for UXC shareholders

In our opinion, we consider the Scheme **to be in the best interests of UXC shareholders**, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- *fair*, by comparing the consideration and interim dividend to our assessed value of a UXC share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111
- *reasonable*, by assessing the implications of the Scheme for UXC shareholders, the alternatives to the Scheme which are available to UXC and UXC shareholders, and the consequences for UXC shareholders of not approving the Scheme.

Based on our assessment we have formed the view that the Scheme is fair and reasonable. As such, consistent with RG 111, we have concluded that the Scheme is in the best interests of UXC shareholders.

In forming our view as to the value of UXC we have considered a series of factors including UXC's earnings profile, size and market position, growth prospects and operating structure. As required by RG 111 we have valued UXC on a controlling interest basis.

We have assessed the value of a UXC share to be in the range \$1.21 to \$1.34. This is comparable to the total cash payments to be received under the Scheme of \$1.24 per UXC share (being the Scheme consideration of \$1.22 and the interim dividend of 2 cents). As the cash payments fall within our assessed value range for a UXC share, we consider the Scheme to be fair.

Our analysis of the fairness of the Scheme is detailed further in Section 3.1 below.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, this means that the Scheme is reasonable. However, we have also considered a range of other factors that are relevant to assessing the reasonableness of the Scheme and which on balance, support a reasonableness conclusion.

These include:

- the total cash proceeds offered under the Scheme represent a substantial premium to the trading price of UXC before press speculation of consolidation activity in the IT services industry contributed to a re-rating of UXC shares. In the absence of the Scheme, an alternative proposal or speculation concerning an alternative proposal, the UXC share price is likely to fall to levels which do not reflect a control premium but which reflect the

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improved outlook for the industry as well as UXC's recent earnings performance and movements in equity markets. Therefore, the Scheme represents the best opportunity for UXC shareholders to realise a control value for their shares in the absence of a superior proposal

- no alternative proposal has emerged since the announcement of the Indicative Proposal. However, the Revised Proposal provides an opportunity for any interested party to make an alternate offer. It is possible that a third party may make a higher offer given that UXC is the largest ASX listed IT services provider, has leading market positions and strong relationships with the three largest enterprise application vendors. In addition, there are a number of potential acquirers with operations in Australia that could benefit from substantial synergies associated with acquiring UXC, and
- future growth (beyond the current cyclical upturn) is predicated on the ability to undertake acquisitions that provide the expertise to be able to service new technologies. Although in prior years UXC had substantial cash to fund acquisitions, surplus cash is now limited. As a large portion of revenues are project based, IT expenditure is cyclical, UXC's cash flows are highly seasonal and large clients are demanding longer payment terms, it is unlikely that UXC could support substantially higher long term borrowings. Therefore, future growth may be more difficult to achieve for UXC than it has been in the past. In addition, extensive issuance of shares to fund acquisitions is potentially dilutive to UXC's share price.

There are also other matters which UXC shareholders should consider, including:

- the general tax implications associated with the Scheme and the treatment of dividends. Specifically, UXC shareholders resident in Australia for tax purposes will likely realise a capital gain or loss, depending on the cost base of their shares
- there are a number of conditions, which if not satisfied will result in the Scheme not being implemented even if the Scheme has been approved by UXC shareholders. In this case, UXC shareholders would continue to hold their existing shareholding, and
- UXC will incur transaction costs relating to adviser, legal, accounting, expert fees and other costs associated with the Scheme, irrespective of whether the Scheme is implemented.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.2 below.

The decision to approve the Scheme or not is a matter for individual shareholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio, risk profile and tax position. UXC shareholders should consult their own professional adviser, if in doubt, regarding the action they should take in relation to the Scheme.

3.1 The Scheme is fair

We have assessed the value of a UXC share, including a premium for control, to be in the range of \$1.21 to \$1.34. This value range (which is cum-dividend) is comparable to the cash

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consideration of \$1.22 offered by CSC and the interim dividend of 2 cents. As the total cash payments of \$1.24 fall within our assessed value range for a UXC share, we consider the Scheme to be fair. Our valuation is set out in Section 9 of this report and the assessment of fairness is summarised below.

Table 1: Assessment of fairness

\$ million (unless otherwise stated)	Section reference	Value range	
		Low	High
Value of business operations	9.3	460.0	506.0
Less: Non operating liabilities	9.4	(10.2)	(10.2)
Less: Net debt	9.5	(32.8)	(32.8)
Value of equity		417.0	463.0
Fully diluted shares on issue (millions)	9.6	344.5	344.5
Value per UXC share (\$)		\$1.21	\$1.34
Cash payments of Revised Proposal			
Consideration		\$1.22	\$1.22
Interim dividend		\$0.02	\$0.02
Total cash payments per UXC share		\$1.24	\$1.24

Source: KPMG Corporate Finance analysis

Note: Table may not sum due to rounding

Our valuation reflects 100 percent ownership of UXC and therefore incorporates a control premium. Therefore, we would expect the valuation to be in excess of the price at which UXC shares would trade on the sharemarket in the absence of a takeover offer. In assessing an appropriate premium for control in accordance with RG 111, we have only considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of UXC. As such, we have not included the value of special benefits that may be unique to CSC.

Our valuation takes into consideration:

- a substantial control premium, to reflect UXC's relatively high operating cost structure and related opportunities for cost savings and synergies available to a number of acquirers that have operations in Australia
- UXC's recent financial performance and outlook
- UXC's market position, breadth of services and relationships with key enterprise application vendors
- the cyclical nature of the IT services industry, recent increase in IT expenditure and relatively positive outlook
- seasonal variations in working capital requirements (and therefore, net debt) throughout the year
- dilution of shares through the vesting of performance rights under the Scheme.

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Trading prices for UXC shares may have been impacted by speculation of consolidation activity in the IT services industry, a range of other factors, including a series of positive earnings announcements from UXC and its peers, overall movements in equity markets and other events. Accordingly, considerable judgement is required in deriving conclusions on the fundamental value of a UXC share based on an analysis of UXC's recent share price performance. Nevertheless, we have also had regard to trading prices for UXC shares (adjusted to reflect a premium for control) as a high-level cross-check to support the robustness of the value derived from our primary capitalised earnings methodology. In addition, we have used the dividend yield methodology as a secondary cross check.

3.2 The Scheme is reasonable

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, this means that the Scheme is reasonable. However, we have also considered a range of factors as set out below that on balance support a reasonableness conclusion.

The total cash payments offered under the Scheme represent a premium to the trading price of UXC

Cash payments under the Revised Proposal of \$1.24 (comprising \$1.22 Scheme consideration and an interim dividend of 2 cents) represents a 29 percent premium to the UXC share price in the 120 days prior to the announcement of the Indicative Proposal on 6 October 2015. The premium is lower when calculated over a 60 day period (14 percent) and 30 day period (5 percent).

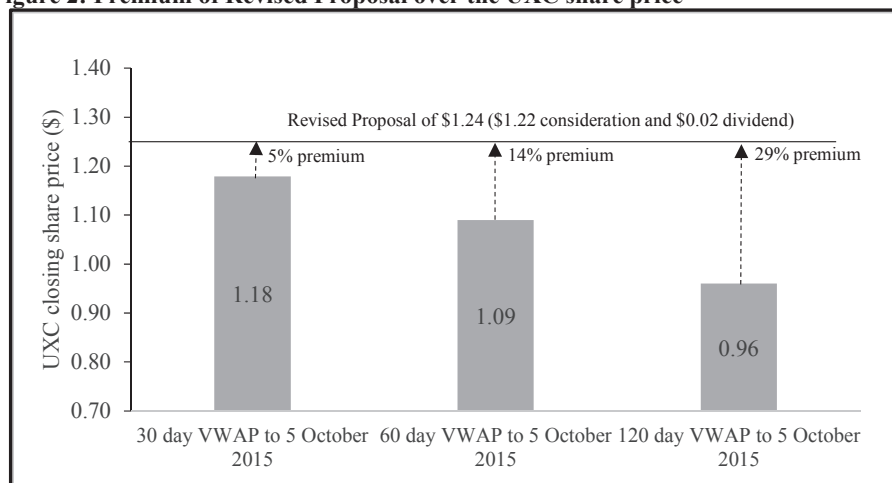
From mid July 2015, shares of UXC and other Australian listed IT services companies were positively re-rated (refer to Section 8.9.2 of this report), likely reflecting both speculation in relation to industry consolidation and a series of positive earnings announcements from UXC and its peers. This analysis is illustrated below.

Annexure A – Independent Expert's Report



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Figure 2: Premium of Revised Proposal over the UXC share price



Source: S&P Capital IQ; KPMG Corporate Finance analysis

Note: The premiums illustrated above have been calculated based on UXC's closing share price on the trading days prior to when each of the above announcements were made

With regard to our assessment of the premium implied by the total cash payments under the Scheme, we note:

- it is commonly accepted that acquirers of 100 percent of a business should pay a premium over the value implied by the trading prices of a share to reflect their ability to obtain control over the target's strategy and operations, as well as extract synergies from integration. Observations from transaction evidence indicate that takeover premiums generally range from 20 to 35 percent for completed takeovers depending on the individual circumstances. In transactions where it was estimated that the combined entity would be able to achieve significant synergies, the takeover premium was frequently estimated to be at the high end of this range or greater
- the substantial premium offered by CSC over UXC's trading price over a 120 day period likely reflects a combination of the significant synergies available to CSC as a result of UXC's relatively high cost base and the more positive outlook for UXC and the IT services industry over that period
- the premium declined over time which is not unexpected as it reflects the market's re-rating of UXC shares based on the increased likelihood of a possible control transaction as well as a more positive outlook for UXC and the industry. To the extent that UXC's share price already included an element of control, premiums calculated over this period would be lower.

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Share trading in the absence of the Scheme

The Scheme enables shareholders to realise their investment in UXC at a cash price which incorporates a premium for control. In the absence of the Scheme, shareholders could only realise their investment by selling their shares on market at a price that does not include a premium for control and would incur transaction costs (e.g. brokerage costs).

In the event that the Scheme is not approved, UXC will continue to operate in its current form and remain listed on the ASX. As a consequence:

- UXC shareholders will not receive the cash consideration under the Scheme (although they may receive an interim dividend). In addition, the implications of the Scheme, as summarised above, will not occur, other than with respect to the one-off transaction costs incurred, or committed to, prior to the Scheme Meeting. UXC would not, however, be liable to pay the Reimbursement Fee purely because the Scheme is not approved by shareholders
- UXC will continue to operate as a standalone entity and execute on its strategy as set out in Section 8.3 of this report
- the Managing Director and Chief Executive Officer of UXC, Cris Nicolli, will retire in 2016, following the appointment of a successor. Mr Nicolli has been instrumental in developing and implementing the strategy of UXC since June 2003
- UXC shareholders will continue to be exposed to the opportunities associated with an investment in UXC, including:
 - the opportunity to participate in a moderate increase in IT expenditure as government and the private sector adopt cloud technologies
 - growth opportunities arising from UXC's operations in North America, cyber and information security and new technologies
 - potential for the realisation over time of \$5-10 million in cost savings (before implementation costs) on a standalone basis.

On the other hand, shareholders will continue to be exposed to a number of risks including:

- pricing pressure from increasing competition in the IT services industry in Australia including from multinational corporations that have greater economies of scale (and often have substantial operations in low cost countries) and from providers from low cost countries. UXC has sought to improve gross margins, however, it has advised that significant capital investment would be required for any further improvement
- the mature stage of the IT services industry. Substantial long term earnings growth (beyond the current cyclical upturn) can likely only be achieved through acquisitions that are accretive to earnings per share or that build technological expertise. In the last five years, around \$135 million of UXC's \$165 million in revenue growth was a result of acquisitions, while organic growth has averaged only 1 percent per annum

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- the cyclical nature of the IT services industry, which exposes UXC to peaks and troughs in IT expenditure
- execution risk and upfront costs (e.g. redundancy) associated with realising \$5-10 million in cost savings. Furthermore, any anticipated benefits are only expected to be fully realised in FY18
- risk of higher staff attrition as IT expenditure increases.
- UXC's share price will likely fall:
 - the current share price of UXC reflects the total cash payments under the Scheme, which includes a premium for control. As such, in the absence of the Scheme, an alternative proposal or speculation concerning an alternative proposal, the UXC share price is likely to fall to levels which do not reflect a control premium but which do reflect the improved outlook for the industry as well as UXC's recent earnings performance and movements in equity markets
 - the UXC share price traded as low as \$1.05 on 19 and 20 November 2015, following the announcement on 9 November 2015 that the due diligence period would be extended and SMS' announcement on 17 November 2015 that earnings in the first half of FY16 were expected to be substantially below those in the first half of FY15.

Likelihood for a superior alternative proposal

In assessing the merits of the Scheme, we have considered the alternative options available to UXC shareholders.

Under the Scheme Implementation Deed, UXC is restricted from either soliciting or entering into discussions with third parties in relation to alternative proposals. UXC is also required to notify CSC should it become aware of any possible alternative proposal and CSC has a last right to match a competing proposal. Further, under certain circumstances UXC would be required to pay a Reimbursement Fee to CSC of \$4.335 million. Although the likelihood of a superior alternative proposal is impacted by these terms, it does not preclude an alternative proposal from being made. The Directors of UXC would be required under their fiduciary duties to consider the merits of an alternative proposal should it arise.

The Scheme follows a sale process by UXC, which commenced in June 2015 in response to interest from a potential acquirer. Under the sale process, UXC approached potential acquirers and provided them with limited confidential information. Indicative proposals were received from a few parties and UXC negotiated with those parties throughout September 2015. Following these negotiations, the UXC Board determined that CSC's Indicative Proposal of \$1.26 per share (plus an interim dividend of 2 cents) was superior and an announcement was made.

CSC was granted a five week exclusive due diligence period, which was subsequently extended by two weeks. During this time, there was opportunity for any interested party to make a superior offer. However, no alternative proposals were received during this time.

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CSC's Revised Proposal of \$1.22 per share (plus an interim dividend of 2 cents) follows a period of due diligence and is lower than the Indicative Proposal. This presents an opportunity for a counter bidder to make an offer that is higher than the Revised Proposal but less than the Indicative Proposal of \$1.26 (plus an interim dividend of 2 cents). It is possible that an interested party may make a higher offer for UXC as:

- UXC is the largest ASX listed IT services provider (by revenue). It has leading market positions and is an implementation partner for the three largest enterprise application vendors in Australia and with Microsoft in North America. It is well positioned to capitalise on the upturn in IT expenditure
- there are a large number of potential acquirers with operations in Australia that could benefit from substantial synergies in acquiring UXC, and
- no shareholders hold more than 5.33 percent¹ of UXC's shares.

However, given that the Revised Proposal was a result of items discovered in due diligence, alternative bidders may also factor these considerations into their evaluation of UXC's worth. There will continue to be an opportunity for interested parties to put forward an alternative proposal to the Revised Proposal until the Scheme Meeting. However, we are not aware of an alternative proposal as at the date of this report.

Financial flexibility

The ability to keep pace with emerging technologies is a critical success factor for IT service companies. Development of expertise either in house or through acquisition requires significant investment. Over the last five years, UXC was able to use the \$51.8 million net cash proceeds from the sale of the Field Services Group in FY12 (as well as cash flows from operations) to fund \$60 million of cash payments for acquisitions (net of divestments).

Future growth (beyond the current cyclical upturn) is predicated on the ability to undertake acquisitions that provide the technological expertise to be able to service new technology. Acquisitions are funded by cash or through the issue of UXC shares or a combination of both. Extensive issuance of shares is potentially dilutive to UXC's share price. UXC does not have substantial surplus cash. There is also increasing pressure from large clients to provide flexible payment arrangements for large IT projects which would require access to capital. Although UXC has a relatively high interest coverage ratio, its ability to borrow substantially in future may be limited by:

- seasonality of UXC's cash flows. Over the last 12 months, UXC's net borrowings have fluctuated between \$3 million net cash at 30 June 2015 and \$58.6 million of net debt as at 14 October 2015 (a book gearing ratio of 20.0 percent). In this regard, most of UXC's peers maintain an average net cash position (average of 31 December and 30 June balances) and

¹ Based on the number of UXC shares outstanding at the time of substantial shareholder notices

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those that have positive gearing (ASG and Empired) have very low average gearing (4.7 percent and 10.3 percent, respectively)

- a large portion of revenues being project based
- cyclicity of IT expenditure.

Therefore, future growth may be more difficult to achieve for UXC than it has been in the past.

3.3 Other considerations

In forming our opinion, we have also considered a number of other factors as outlined below. Although we do not necessarily consider these will impact our assessment of the reasonableness of the Scheme, we consider it necessary to address these considerations in arriving at our opinion.

Taxation implications for UXC shareholders

Section 7 of the Scheme Booklet sets out a general description of the tax consequences for shareholders who hold their shares on capital account and acquired those shares on or after 20 September 1985. If the Scheme is implemented, those shareholders will be deemed to have disposed of their UXC shares and the disposal will constitute a capital gains tax event. Shareholders will make a capital gain or loss depending on the cost base of their shares. Shareholders who are not Australian residents and who hold portfolio interests are generally not subject to Australian capital gains tax.

The 2 cent interim dividend is not expected to form part of the capital proceeds under the Scheme. It is expected that the dividend will be fully franked. Australian residents may be entitled to a tax offset in relation to the franking credit attached to the dividend.

With respect to UXC shareholders resident in Australia for tax purposes, UXC has sought a Class Ruling from the Australian Taxation Office (ATO) to confirm the tax implications of Scheme consideration and interim dividend. A final ATO ruling has not been received as at the date of this report. The final ruling, once received, will be announced on the ASX and published on UXC's website.

We note that UXC shareholders should consider their individual circumstances, review Section 7 of the Scheme Booklet for further information where it applies to their circumstances and should seek the advice of their own professional adviser.

The Scheme is subject to a number of conditions

There are a number of conditions, including various representations and warranties, which if not satisfied will result in the Scheme not being implemented, even if the Scheme has not been approved by UXC shareholders. In this case, UXC shareholders would continue to hold their existing shares.

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One-off transaction costs

UXC management has estimated total one-off transaction costs in relation to the Scheme to be approximately \$15.8 million on a pre-tax basis, of which approximately \$15.7 million will have been paid, or committed, prior to the Scheme Meeting.

4

Other matters

In forming our opinion, we have considered the interests of UXC shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual UXC shareholders. It is not practical or possible to assess the implications of the Scheme on individual shareholders as their financial circumstances are not known. The decision of UXC shareholders as to whether or not to approve the Scheme is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolution may be influenced by his or her particular circumstances, we recommend that individual shareholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting UXC shareholders in considering the Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Scheme Booklet to be sent to UXC shareholders in relation to the Scheme, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Scheme Booklet.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

Adele Thomas
Authorised Representative

Sean Collins
Authorised Representative

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5 The Proposal

5.1 Background and overview

On 6 October 2015, the Board of Directors of UXC Limited (UXC) announced that it had received an indicative, non-binding and conditional proposal from Computer Sciences Corporation (CSC) to acquire 100 percent of the share capital in UXC for cash consideration of \$1.26 per share and a franked dividend of 2 cents per UXC share for the half year ending 31 December 2015 (Indicative Proposal).

Following a period of exclusive due diligence, UXC announced on 25 November 2015 that it had entered into a Scheme Implementation Deed with CSC under which it is proposed that a wholly owned subsidiary of CSC will acquire all of the issued share capital in UXC for cash consideration of \$1.22 for each share. In addition, UXC shareholders will be entitled to a franked dividend of 2 cents per UXC share for the half year ending 31 December 2015 (the Revised Proposal). The acquisition would proceed by way of a scheme of arrangement (Scheme).

The adjustment to the offer consideration reflects an acknowledgement by both parties that the synergies available may take longer to be realised than first anticipated, a higher required working capital position than initially anticipated by the bidder and differences between US GAAP and Australian accounting standards.

5.2 Conditions of the Scheme

The Scheme is subject to a number of conditions which are set out in full in the Scheme Booklet. The key conditions are:

- an independent expert opining that the Scheme is in the best interests of shareholders
- Court approval of the Scheme
- UXC shareholders approve the Scheme by the requisite majorities under Section 411 of the Corporations Act 2001
- consent to the change of control in UXC is obtained from at least 15 of the 20 identified customers of UXC
- other customary conditions, including no material adverse change or prescribed occurrence and certain representations and warranties being true and correct.

Other elements of the Scheme include:

- UXC has agreed to certain exclusivity arrangements (including no shop, no talk and an obligation to notify CSC of any Competing Transaction) that apply during the

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exclusivity period², except where Directors are subject to fiduciary or statutory obligations

- CSC has a right to match any Competing Transaction and equal access to any information provided to the third party
- a Reimbursement Fee of \$4.335 million (excluding GST) is payable by UXC to CSC if:
 - any UXC Director withdraws or adversely modifies their recommendation of the Scheme, publicly states they no longer support the Scheme or recommends or supports a Competing Transaction, other than:
 - as a result of the Independent Expert concluding that the Scheme is not in the best interests of the UXC shareholders (other than the existence of a competing proposal)
 - where UXC has a right to terminate, or
 - where any of the conditions precedent relating to court approval or a law or order prohibiting the transaction have not been met;
 - a Competing Transaction is announced and a third party acquires an interest of at least 50 percent in UXC, acquires a substantial part of UXC's business or merges with UXC, or
 - CSC has terminated the Scheme Implementation Deed as a result of UXC being in material breach of the agreement or failure of a condition precedent relating to no prescribed occurrences or no breach of representations or warranties given by UXC
- a Break Fee of \$4.335 million (excluding GST) is payable by CSC to UXC if UXC terminates the Scheme Implementation Deed as a result of CSC being in material breach of the agreement and the transaction does not complete
- the Scheme Implementation Deed may terminate if the Scheme does not become effective by 31 March 2016 or such later date as may be agreed in writing by the parties
- UXC will give effect to the full vesting and exercise of the Performance Rights issued pursuant to the Executive Incentive Arrangements. The maximum number of UXC shares to be issued is 9,269,957.

In the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of UXC shareholders, each UXC Director intends to vote all shares which they hold or are controlled by them in favour of the Scheme.

² The period from 25 November 2015 to the earlier of the termination date and 31 March 2016.



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5.3 Costs of the Scheme

The total transaction and implementation costs in relation to the Scheme are estimated to be approximately \$15.8 million. In the event the Scheme does not proceed, UXC will incur costs of \$1.2 million.

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6 Scope of the report

6.1 Purpose

As mentioned in Section 2, Section 411(3) of the Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement under Section 411 of the Act include information that is material to the making of a decision by a creditor or member as to whether or not to agree with the relevant proposal. Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with ASIC must include a report prepared by an expert if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company, or where the parties to the reconstruction have common directors.

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

The Directors of UXC have requested that KPMG Corporate Finance prepare an independent expert's report to satisfy the requirements of Section 411 (although there is no technical requirement for an independent expert's report to be prepared in relation to the Scheme).

6.2 Basis of assessment

RG 111 "Content of expert reports", issued by ASIC, indicates the principles and matters which it expects a person preparing an independent expert report to consider. RG 111.18 states that where a scheme of arrangement has the effect of a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is "fair and reasonable" and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison
- an offer is 'reasonable' if it is 'fair'.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

In the circumstance of a 'not fair but reasonable' outcome, RG 111.21 states that the expert can also conclude that the scheme is 'in the best interests' on the basis that it clearly states

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that the consideration is less than the value of the securities subject to the scheme but that there are sufficient reasons for securityholders to vote in favour of the scheme in the absence of a higher offer.

6.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of UXC for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with UXC's management in relation to the nature of the Company's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

UXC has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of UXC. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, UXC remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, however we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward looking financial information may affect our valuation and opinion.

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It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The Directors of UXC, together with the Company's legal advisers, are responsible for conducting due diligence in relation to Scheme. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.4 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. UXC has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to UXC and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising UXC. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by UXC.

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7 Industry overview

7.1 IT Industry

7.1.1 Overview

The IT industry in Australia is worth an estimated \$78.7 billion.³ It comprises:

- **infrastructure**, such as data centres, servers, storage, networking, cables, phone systems, local area networks and wireless networks
- **software**, including system software such as operating systems (e.g. Windows and Mac OS), application software that perform special functions separate from the computer itself and other software
- **IT services**, including consulting, implementation of hardware and software, IT outsourcing, infrastructure support and managed services.

UXC operates in all segments of the IT industry being, consulting, applications and IT infrastructure.

The evolution of internet based computing ('cloud computing') is fundamentally changing the IT industry. Traditionally, infrastructure and software have been distributed as a product, where the client pays upfront for the hardware and software licence as capital expenditure. Products are delivered 'on premise' and clients customise and maintain the infrastructure or software and upgrade software systems over time.

Greater bandwidth and broadband internet availability, faster and cheaper memory and low cost computers and storage devices have resulted in the evolution of cloud computing. Cloud computing, or 'on demand' computing, provides shared resources and information to computers and other devices as required via the internet. It involves three main services: Infrastructure as a Service (IaaS), where just the hardware and tools are rented; Platform as a Service (PaaS), where the hardware and middleware are rented (popular with software developers); and Software as a Service (SaaS), where just the application is rented. In each case, the client pays an ongoing fee as an operating expense.

Cloud computing is growing rapidly as it provides higher computing power, lower costs, scalability and greater efficiency and accessibility than the alternative. Gartner expects cloud services in Australia to grow at an average rate of 21 percent per year to 2018⁴ underpinned by the rollout of the National Broadband Network.

³ Source: Gartner April 2015 – as reported by ARN 10/4/15 <http://www.arnnet.com.au/article/572369/gartner-tech-spend-australia-grow-78-7bn/>

⁴ Source: Gartner Market Statistics: IT Services, Worldwide, 2012-2018, 2Q14 Update

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7.1.2 IT expenditure

IT expenditure is influenced by cyclical and structural factors. Businesses tend to implement new IT systems during periods of strong economic performance (and business confidence) and defer or cancel technology upgrades during a downturn. Likewise, in periods of structural change such as technological advancement (e.g. cloud computing), IT expenditure will be greater as expenditure is brought forward. IT spending in Australia, in line with global forecasts is projected to increase by 1.5% to \$79.9 billion in 2016.⁵

Until mid 2014, IT budgets of Australian government entities and corporations were constrained by reduced government expenditure, weak business confidence and lower gross domestic product forecasts. In addition, new cloud based technologies resulted in a number of entities choosing to 'wait and see'.

IT expenditure has increased moderately from mid 2014. Greater clarity around new technologies has increased companies' confidence to implement them, however, growth in IT expenditure is constrained by the shift in pricing from upfront payments to ongoing payments associated with cloud technologies. A number of IT services companies announced earnings upgrades and positive FY15 earnings announcements, including DWS Limited (DWS) and Data#3 Limited (Data#3) and SMS Management & Technology Limited (SMS) confirmed margins had stabilised and utilisation rates had increased. However, on 17 November 2015, SMS advised that EBITDA in the first half of FY16 was expected to be 15 to 20 percent lower than in the first half of FY15.

7.2 Software

A major subset of applications software is enterprise application software, which is designed to meet the needs of an organisation rather than individual users. Implementation of these applications is a major activity of IT service providers and include:

- Enterprise Resource Planning (ERP), which involves the collection, storage, management and interpretation of data from many business activities (e.g. product planning, finance, human resources, marketing and sales, inventory management, shipping and payment)
- Customer Relationship Management (CRM), which involves management of information relating to customer relationships
- supply chain management
- business intelligence and reporting.

⁵ Source : Gartner Forecast Alert: IT Spending, Worldwide, 3Q15 Update Oct. 2015 – reported ARN 7-Oct-15
<http://www.arnnet.com.au/article/586168/worldwide-it-spending-surpass-us3-6-trillion-2016-gartner/>

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The global ERP software market is expected to reach \$ 41.7 billion by 2020, registering a CAGR of 7.2% during 2014-2020.⁶ UXC expects that market growth in Australia will be in line with this.

The main vendors of enterprise applications in Australia are Microsoft Corporation (Microsoft), SAP SE (SAP) and Oracle Corporation (Oracle). These vendors offer applications both on premise and as a service (via the cloud) and new software products such as data analytics. In addition, the number of emerging cloud based companies, such as ServiceNow, Inc. (ServiceNow), are growing rapidly.

Major vendors of ERP applications do not typically install software due to the level of customisation required for a particular business. Implementation is typically outsourced to a third party IT services company, referred to as 'implementation partners'.

7.3 IT Services

7.3.1 Overview

IT services expenditure in Australia is estimated at \$37.6 billion in 2015.⁴ IT services encompasses a range of activities, including:

- **IT consulting**, such as business transformation, project management and training
- **implementation** of applications (in particular, ERP applications), infrastructure and networks
- **IT outsourcing or managed services**, including cloud services (Infrastructure as a Service), infrastructure outsourcing (e.g. outsourcing of mobile or desktop, helpdesk, data centres) and applications outsourcing (e.g. hosting and support for enterprise applications)
- **business process outsourcing**, which is the delegation of IT intensive functions (e.g. finance and accounting) to a third party and can be provided either traditionally or over the cloud (Business Processing Outsourcing as a Service)
- **product support**, including software support (including applications software support and infrastructure software support) and hardware support (e.g. network systems and data centre systems support).

The largest service categories, IT outsourcing and implementation, make up around 50 percent of IT services revenues in Australia.⁴

⁶ Source: March 2015 - Report by Allied Market Research entitled, "Global ERP Software Market - Size, Industry Analysis, Trends, Opportunities, Growth and Forecast, 2013-2020",

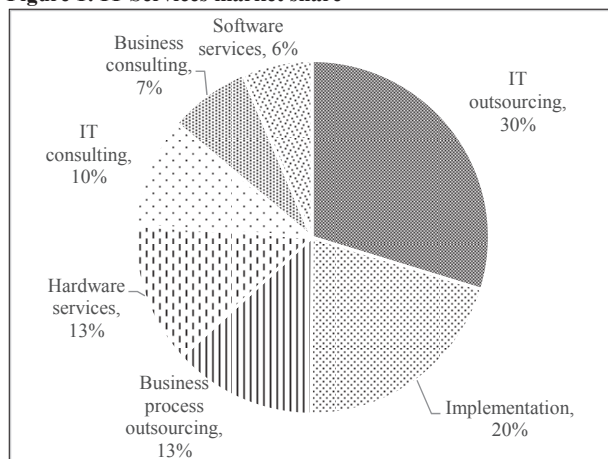
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Figure 1: IT Services market share



Source: Gartner Market Statistics: IT Services, Worldwide, 2012-2018, 2Q14 Update

UXC mainly provides IT consulting, IT outsourcing and software implementation and support. It does not provide business process outsourcing or network storage and it only provides some business consulting (strategy consulting).

IT service providers charge for services either on fixed price contracts or a 'time and materials' basis (labour and materials charged at cost plus an agreed profit margin). Fixed price contracts are typically used for larger work, often with a defined time frame, while 'time and materials' is typically used for IT consulting or other project based work. Fixed price contracts can create exposure for the IT service company if scope and budget are not tightly managed. Conversely potential upside can be attained if costs and risks are managed effectively.

7.3.2 Competition

The IT services market in Australia is highly fragmented. UXC's main competitors in Australia are multinationals including International Business Machines Corporation (IBM), Accenture plc (Accenture) and Nippon Telegraph and Telephone Corporation (NTT) owned Dimension Data Holdings plc (Dimension Data). It also competes with Australian listed companies, including DWS, Data#3, SMS and ASG Group Limited (ASG). Low cost Indian outsourcing companies, HCL Technologies Ltd (HCL) and Tata Consultancy Services Limited (Tata), have also entered the Australian market.

UXC has a market share of four percent⁴ in the service areas in which it operates⁷ and is the largest ASX listed IT services company in Australia (by revenue).

⁷ UXC provides IT consulting, implementation, IT outsourcing and software support.

IT services companies provide a range of services which creates opportunities to cross sell and increase client retention. Multinational companies generally provide all the services that UXC provides⁷ plus business process outsourcing, hardware support and business consulting. Historically, UXC's service offering was broader than those of Australian listed competitors, however, competitors are expanding their service offerings, mostly through acquisition (as is the case for SMS, Data#3 and Dimension Data).

Multinational IT service companies are typically implementation partners for one or two of the major enterprise application vendors (e.g. CSC is an implementation partner for Oracle and SAP but not Microsoft). Of UXC's listed Australian peers, Empired is an implementation partner for Microsoft Dynamics and ASG is an implementation partner for Oracle while other listed IT services companies do not generally implement enterprise applications for major vendors (although they provide other services for major vendors). UXC is unique in that it is an implementation partner for all major vendors (Microsoft, Oracle and SAP).

Traditionally, enterprises have purchased IT needs from a range of service providers. Increasingly, they are seeking to purchase all their IT needs through one or two vendors via tender. Therefore, IT service providers that have a wide range of product offerings and a large number of partnerships across those offerings have a competitive advantage.

Competition among IT service providers is increasing. Pricing pressure has resulted from: the trend to offshore IT jobs to highly skilled, low wage countries (India and China); multinationals entering the market and driving down prices; and discounting by Australian service providers in response to low utilisation. Competition is also created by the overlap in service offerings between IT consulting and other services (e.g. management consulting, accounting services, and telecommunications providers) and commoditisation of the service.

At the same time, clients are focused on cost due to the shift in pricing from upfront payments to subscription based models and the high cost involved in implementing ERP applications. Clients are requesting longer payment terms and are seeking to shift upfront hardware costs to IT services companies.

The ability to keep pace with changes in technology and customer requirements provides a strategic advantage for IT service providers. Access to funding is a key requirement for building expertise either in-house or through acquisition (as is the case with UXC). A further critical success factor is having a highly trained workforce (which builds trust and confidence in clients) and effective project management skills (to avoid cost overruns on contracts).

7.3.3 Demand for IT services

IT services expenditure in the categories in which UXC operates⁷ is forecast to grow from \$17.2 billion in 2015 to \$18.5 billion in 2017, at an average annual rate of 3.6 percent.⁴ UXC

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expects strong growth in ERP spending and estimates average annual growth of 12 percent for the period 2016 through 2018.⁸

IT outsourcing is the fastest growing IT service category and cloud based Infrastructure as a Service is expected to grow by an average of 19.9 percent to 2018.⁴ Cloud computing provides an opportunity for additional consulting, integration work as well as cross selling of other solutions.

In addition, mobile devices and applications in the workplace (referred to as 'enterprise mobility') creates a need for the outsourcing of mobile device and applications management, as well as development of mobile applications. Other advancements such as Unified Communication, which combines communications services (voice, data, video) through a single computer network creates outsourcing opportunities.

A burgeoning service area is cyber security. Security concerns arise from the use of the internet to store and access information and from enterprises increasingly allowing employees to access company information and applications on their own mobile devices.

Companies are seeking to leverage technology to enhance productivity, improve business processes and customer experience. The use of digital technologies has increased the volumes of data available ('big data') while larger and more cost effective storage systems have increased the ability to retain that data and high capacity networks allow large volumes of data to be transported. Enterprises are seeking to mine data for targeted marketing and other operational intelligence purposes ('data analytics'). This presents opportunities for specialist IT consulting.

Consumers are increasingly seeking to purchase goods and services through a range of physical (e.g. store) and digital (e.g. Internet, mobile phone) sales channels ('omni channel retailing'). This creates a need for retailers to employ technology that integrates all physical and digital sales channels, thereby providing customers with a consistent experience regardless of the sales channel. Growth in online retailing ('eCommerce') also creates a need for electronics payments processing.

8 Profile of UXC

8.1 Background

UXC was formed in 2002 by the merger of Utility Services Corporation Limited (a utility asset management, IT consulting and investment company) and DVT Holdings Limited (an electronic data storage business). UXC's objective was to build a leading Australian services business organically and through acquisition.

UXC supplemented its Microsoft application consulting business with Oracle and SAP capability by acquiring Red Rock Consulting Pty Ltd in 2003 and Oxygen Business

⁸ Source: Telsyte Australian Enterprise Applications Market Study 2015

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Solutions Pty Limited in 2006. In 2008, it established managed services capability by acquiring Getronics Australia Pty Limited (renamed UXC Connect Pty Ltd) and acquired IT consulting business, Ingena Group Limited (subsequently renamed Professional Solutions).

By 2010, UXC had grown into two substantial but disparate businesses, being IT Business Solutions and Field Service Group (a utilities asset management business), which operated over 20 business units. Field Service Group faced challenging trading conditions following the global financial crisis of 2007/2008 which led to a strategic review in early 2010.

Following the appointment of Cris Nicolli as Managing Director in November 2010, the core business was simplified, Field Solutions Group was sold and the company strategy was redefined as being customer centric, locally owned and able to compete with multinational vendors.

Since then, UXC has made a number of acquisitions and developed expertise internally to pursue enterprise application vendors, Microsoft, Oracle and SAP in key growth areas. It expanded into North America by acquiring businesses to support Microsoft Dynamics AX. It built annuity⁹ revenue streams and expanded into cloud based management solutions by acquiring Keystone Management Solutions Pty Ltd (Keystone), a ServiceNow solutions provider. In 2014, UXC acquired cyber and information security business, Saltbush Group and established IT service management and digital capability.

Between 2013 and 2015 UXC reduced the number of offices to a single office in key locations and planning is underway to rationalise certain support services.

Today, UXC is Australia's largest locally owned and managed IT services company (by revenue). It is a leader in numerous service offerings and has sufficient scale and expertise to compete with multinational applications vendors. Headquartered in Melbourne, it serves around 2,500 government and medium to large enterprises primarily in Australia and increasingly internationally. At 30 June 2015, it employed 2,917 staff including employees and contractors. UXC's share price increased substantially from mid-July 2015 and immediately prior to the announcement of the Indicative Proposal, it had a market capitalisation of \$445 million (compared with \$263 million on 15 July 2015).

In October 2015, UXC's Managing Director, Cris Nicolli, announced his retirement.

8.2 Acquisitions

UXC has made around 50 acquisitions since 2002. The key acquisitions are summarised below:

⁹ Annuity revenue includes maintenance and support and general services contracts of terms greater than six months

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Table 2: UXC key acquisitions since 2002

Acquisition Date	Acquisition Target	IT Service	Geography
IT Infrastructure			
February 2008	Getronics	IT infrastructure	Australia
Advisory and Consulting			
October 2014	Saltbush	Cyber and information security	Australia
December 2008	Ingena	Professional Solutions	Australia
December 2002	Telsyte	Consulting	Australia
Enterprise Applications			
Microsoft			
October 2015	Wine Direct	Microsoft NAV	United States
October 2015	Koorb Consulting	Microsoft Dynamics AX	New Zealand
December 2013	Tectura	Microsoft Dynamics AX	US and Canada
December 2012	Cole Systems	Microsoft Dynamics AX	United States
Oracle			
June 2014	Converge Team	Oracle EAM	Australia
June 2014	Converge Team	Oracle EAM	Singapore
October 2012	Meac	JDE	Australia
July 2012	Tripoint	Peoplesoft	Australia
February 2012	Jireh Consulting	JDE	Australia
October 2006	Jigsaw	Oracle	Australia
June 2005	BML	Peoplesoft	Australia
October 2004	Sequel	Oracle	New Zealand
September 2003	Red Rock Consulting	Oracle	Australia
SAP			
May 2015	Contigo	SAP Hybris, CRM and Cloud	Australia
June 2014	Clarity Consulting	SAP ERP	Australia
October 2013	White Labelled	Digital Business using SAP Hybris	Australia
September 2012	Stream	SAP ERP	Australia
February 2006	Oxygen Business Solutions	SAP	Australia
ServiceNow			
November 2013	Keystone	ServiceNow	Australia

Source: UXC and KPMG analysis

8.3 Strategy

UXC's strategy is focused on:

- developing the growth platform from selected IT market segments that aligns with market size, competitive positioning, innovation and customer demand
- building a robust and sustainable business of sufficient scale to be a market leader in chosen market segments
- growing organically at a rate faster than the market and augmenting that with strategically positioned, accretive acquisitions

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- expanding geographically to take advantage of high growth opportunities and capitalise on UXC's competitive advantage
- extending UXC's reach with customers through an end-to-end solution and system integration capability
- building new revenue streams that support annuity⁹ business, especially in Software as a Service and cloud based solutions
- building on applications market leadership by pursuing vendors in key growth areas, accelerating growth in the digital, eCommerce sector aligned to ERP systems and account opportunities and increasing applications support
- consolidation of services across back office and IT.

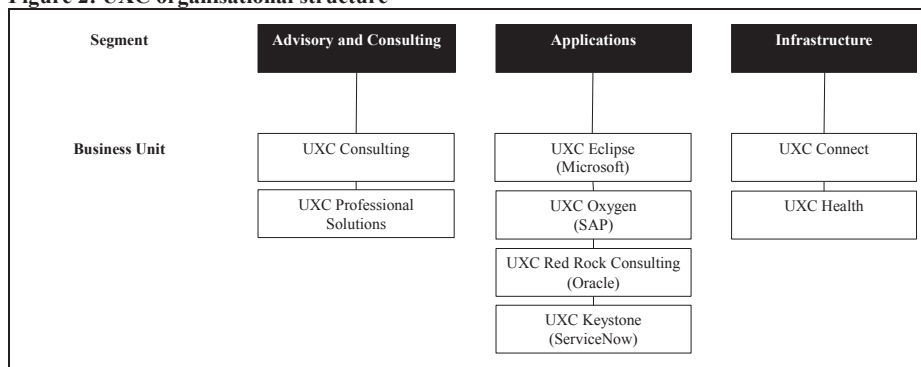
8.4 Business Operations

8.4.1 Overview

UXC provides integrated services across the IT value chain: from design, to implementation and enhancement and operation and management of IT systems. It operates through eight business units within three divisions: Advisory and Consulting; Enterprise Applications; and IT Infrastructure. All business units are headquartered in Australia, where UXC employs 2,300 staff in offices in Brisbane, Sydney, Canberra, Melbourne, Hobart, Adelaide and Perth. In addition, certain business units operate internationally.

UXC's organisational structure as represented below:

Figure 2: UXC organisational structure



Source: UXC FY15 Full Year Results Presentation

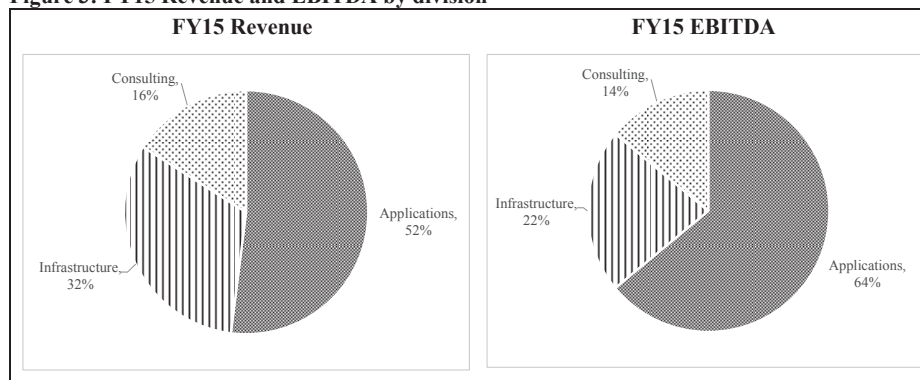
Over the last five years, UXC has grown the Enterprise Applications division and in FY15, it contributed 52 percent of the Group's Revenue and 64 percent of EBITDA (excluding costs allocated to the corporate cost centres).

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Figure 3: FY15 Revenue and EBITDA by division



Source: UXC FY15 Full Year Results Presentation

8.4.2 Advisory and Consulting Division

UXC's Advisory and Consulting division is one of the largest IT consulting businesses in Australia. It contributed \$104 million revenue in FY15 and employs over 550 staff predominantly in Australia but also in Singapore and Kuala Lumpur, Malaysia. Projects take three to 12 months to complete and consultants are charged out based on 'time and materials'. Revenue and margins fluctuate depending on utilisation rates and margins are moderate due to competition.

Services include advisory research, strategy and architecture, business transformation, cyber and information security, data and analytics, project, program and portfolio management, business analysis, technical design, communications consulting, testing and training.

It operates two business units: UXC Consulting and UXC Professional Solutions. UXC Consulting services medium to large corporations including National Australia Bank Limited (NAB) / MLC Limited and Singtel Optus Pty Ltd and government enterprises.

UXC Professional Solutions provides a broad range of services to large Australian and government enterprises, including Tabcorp Holdings Limited, NAB and Australian Postal Corporation.

UXC Saltbush (cyber and information security) primarily serves the Federal Government and there are opportunities to cross sell the services to its consulting and infrastructure client base.

8.4.3 Enterprise Applications Division

UXC's Enterprise Applications division provides design and implementation of large scale enterprise applications across a range of industries and application management services. It has four business units: UXC Eclipse (Microsoft Dynamics), UXC Oxygen (SAP), UXC Red Rock Consulting (Oracle) and UXC Keystone (ServiceNow).

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The division has over 1,750 staff including 1,260 in Australia and 179 in New Zealand. Each business unit is represented in Australia and New Zealand. UXC Eclipse (Microsoft Dynamics) is also offered in North America, where it has 216 staff across six offices and Fiji, where it has 25 staff in a single office in Suva. UXC has 60 staff in India and 10 in Vietnam who undertake software development for certain business units.

Its offerings include:

- **design and implementation:** customisation, implementation and upgrade, systems integration, capacity planning and testing of a range of enterprise applications, including ERP, CRM, supply chain management, enterprise asset management, human resources and financials. It also offers database configuration and performance optimisation of Oracle, Microsoft and SAP solutions, implementation of eCommerce solutions (White Labelled) and cloud based service management (ServiceNow and Microsoft Dynamics AX)
- **application management services:** ongoing management, development and support of enterprise applications, middleware (Oracle and SAP) and eCommerce applications, database migration and management services, business intelligence and enterprise data warehouse management and testing management
- **solutions as a service:** includes ERP as a Service, digital transaction management and eCommerce as a service (White Labelled) and contiigo.

Relative to Advisory and Consulting, Enterprise Applications has higher value, longer duration projects, some of which are fixed price. In FY15, around 29 percent of revenues were from annuity sources (including maintenance and support and general services contracts of terms greater than six months), up from 19 percent in FY11.

UXC holds leading market positions in key applications outlined below:

Table 3: Enterprise Application division – market position

Application	Business Unit	UXC Market Position
Microsoft	UXC Eclipse	Global leader in Microsoft Dynamics
Oracle	UXC Red Rock	Leader in Asia Pacific
SAP	UXC Oxygen	Leader in Australia and New Zealand
Hybris	UXC Oxygen	Digital and omni channel leader in Asia Pacific
ServiceNow	UXC Keystone	Leader in Asia Pacific

Source: UXC and KPMG analysis

UXC Eclipse is the Microsoft Global Retailer Partner for Dynamics AX and the leading partner for Microsoft in the retail industry. Clients include Jeans West Corporation Pty Ltd in the Australia Pacific region, a major NFL brand, the Jean Coutu Group and the Bartels Group in North America. It also services mining and resources clients such as Teck Coal Limited.

UXC Red Rock has developed JD Edwards, PeopleSoft, e Business and Demantra capability for Oracle. Major clients include Downer EDI Limited and major new wins include Fletcher Building Limited, Transpower New Zealand Limited and Public Transport of Victoria.

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UXC Oxygen provides SAP based, as well as digital solutions and implementation of Hybris. Major clients include Queensland Rail, Hydro-Electric Corporation's Hydro Tasmania, Orica Limited and Ausgrid.

UXC Keystone provides ServiceNow implementations and consulting services. Major clients include, University of Auckland and Commonwealth Bank of Australia.

8.4.4 IT Infrastructure Division

UXC's IT Infrastructure division comprises two business units: UXC Connect and UXC Health. It is one of the largest Australian owned IT infrastructure solutions and service providers. It has over 650 employees in Australia and generated \$223 million revenue in FY15. It has a number of high value, fixed price contracts. UXC Connect primarily serves large corporate and government clients, including Transport NSW, Worksafe/TAC, Melbourne Water, Ausgrid and the Department of Industry. UXC Health was recently established to serve its growing number of clients in the health services industry, the largest of which is Queensland Health.

The division provides:

- **planning and design:** planning and design services, as well as the sale to strategic accounts of core networking solutions
- **implementation:** implementation of network infrastructure, enterprise mobility, contact centre, entertainment and content and IP video surveillance, data centre optimisation and workspace virtualisation
- **managed infrastructure services:** includes operation of a managed service support desk, network, server and storage management
- **solutions as a service:** includes Platform as a Service, Infrastructure as a Service, mobility as a service, IP telephony as a service and unified communications as a service.

Margins for IT Infrastructure are generally lower than for the other divisions. It has a strategy of increasing value added services, especially managed services and support, while reducing the focus on lower margin products. New wins in managed services and maintenance include a \$25 million contract for Ausgrid and Endeavour Energy and a \$12 million contract for Ixom, (former chemicals business of Orica Limited). Annuity revenue (including maintenance and support and general services contracts of terms greater than six months) has increased to 43 percent in FY15, up from 32 percent in FY11.

It has strong relationships with key service providers, Cisco, Alcatel-Lucent as well as other service providers.

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Table 4: IT Infrastructure division – market position

Partner	Business Unit	Market Position
Cisco	UXC Connect	Gold Partner Preferred partnership in Health
Alcatel-Lucent	UXC Connect	Largest Enterprise Partner in Australia and New Zealand Innovation award FY14

Source: UXC and KPMG analysis

In late 2013, UXC announced execution issues relating to a small number of large infrastructure projects. Since then, it has adopted a disciplined approach to project management to achieve improved delivery and margins and has not reported any significant project delivery issues.

8.4.5 Corporate

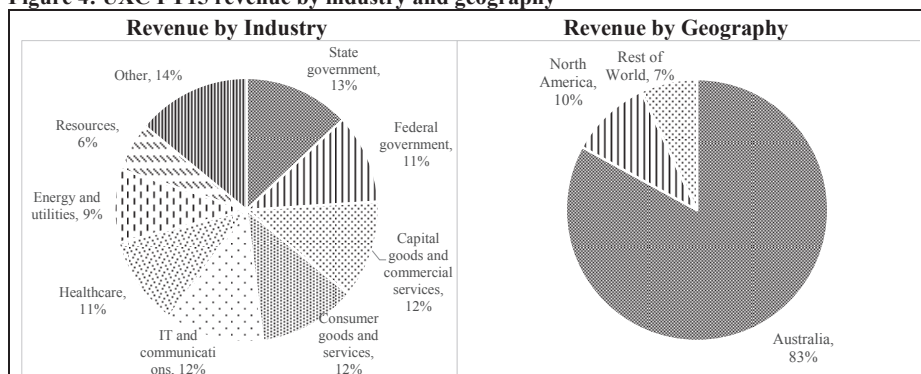
The corporate cost centre includes 45 staff, including a major accounts team, management, finance and corporate development.

It also includes Telsyte, which provides research, strategic insights and advisory services to businesses that are impacted by disruptive technologies. It publishes regular research on emerging technologies and provides custom research and advisory services.

8.4.6 Customers

UXC has a strong base of medium enterprise clients that are diversified across industries and clients and increasingly, geography. The top 50 customers represented 47 percent of FY15 revenues. Low customer attrition and substantial new wins have resulted in an increase in revenue per customer.

Figure 4: UXC FY15 revenue by industry and geography



Source: UXC FY15 Full Year Results Presentation

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8.5 Financial Performance

The financial performance of UXC for the five years ended 30 June 2015 is summarised below:

Table 5: Financial performance of UXC

For the period ended June					
\$ millions	FY11	FY12	FY13	FY14	FY15
Number of customers by annual revenue					
Over \$5 million	15	19	15	16	20
Between \$3 million and \$5 million	16	17	12	19	18
Between \$1 million and \$3 million	74	68	90	74	83
Number of customers with revenue of over \$1 million	105	104	117	109	121
Revenue:					
Advisory and Consulting	79.6	89.9	90.6	84.9	104.3
Enterprise Applications	224.4	259.7	280.8	322.1	359.5
IT Infrastructure	226.0	218.9	222.8	236.4	222.6
Unallocated and eliminations	(8.6)	(8.4)	-	-	-
Total revenue from continuing operations	521.4	560.1	594.3	643.4	686.4
Revenue from discontinued operations (Field Solutions Group)	212.7	38.9	-	-	-
Total revenue	734.1	599.0	594.3	643.4	686.4
EBITDA¹⁰	30.6	34.1	35.9	36.8	45.2
Depreciation and amortisation	(5.8)	(6.2)	(7.4)	(8.2)	(9.5)
EBIT¹¹	24.8	27.9	28.5	28.6	35.7
Interest expense (net)	(6.4)	(0.8)	(0.4)	(2.5)	(2.6)
Share of loss from associate	(-)	(-)	-	-	-
Underlying profit before tax from continuing operations	18.4	27.1	28.1	26.1	33.1
Significant and non recurring items	(9.3)	(2.1)	2.8	(4.1)	(3.1)
Profit before tax from continuing operations	9.1	25.0	30.9	22.0	30.0
Income tax expense	(4.6)	(6.8)	(8.2)	(6.3)	(6.9)
Net profit from continuing operations	4.5	18.2	22.7	15.7	23.1
Profit/(loss) from discontinued operations (Field Solutions Group)	(24.7)	1.5	1.3	-	(0.5) ¹²
Net profit after tax	(20.2)	19.7	24.0	15.7	22.5
Metrics (continuing operations)					
Revenue growth (%)	na	7.4%	6.1%	8.3%	6.7%
EBITDA growth (%)	na	11.4%	5.3%	2.5%	22.8%
EBIT growth (%)	na	12.5%	2.2%	0.4%	24.8%
EBITDA margin (%)	5.9%	6.1%	6.0%	5.7%	6.6%
EBIT margin (%)	4.8%	5.0%	4.8%	4.4%	5.2%
Interest cover (times) ¹³	3.9x	34.8x	71.3x	11.4x	13.7x

Source: UXC Annual Reports

¹⁰ EBITDA is earnings from continuing operations before interest, tax, depreciation, amortisation, income from equity accounted investments, significant and non recurring items.

¹¹ EBIT is earnings from continuing operations before interest, tax, income from equity accounted investments, significant and non recurring items.

¹² In FY15, \$0.5 million was paid to liquidators of Field Solutions Group. All guarantee periods have now passed.

¹³ Interest cover is EBIT divided by interest expense (net)



Additional detail of individual expense items is contained in Section 5.4 of the Scheme Booklet.

From FY11 to FY15, UXC experienced strong and consistent revenue growth from its IT services business that exceeded industry growth as a result of:

- around \$135 million revenue contribution from acquisitions (on average, organic growth was around 1 percent per annum)
- large new contract wins and high customer retention. From FY11 to FY15, the number of customers with annual revenue of over \$1 million increased from 105 to 121, there are five additional customers with revenue over \$5 million and annuity⁹ revenue increased from 22 percent to 29 percent of revenue
- growth in new markets, in particular North America, which increased from \$8.4 million in FY11 to \$68 million revenue in FY15
- growth in emerging technologies, such as digital and cloud based solutions which contributed 10 percent of revenue in FY15.

EBITDA margin has increased from 5.9 percent in FY11 to 6.6 percent in FY15 as a result of:

- shift from lower margin product and licence revenues to higher margin services and annuity⁹ revenue
- disciplined and effective project delivery and risk management
- lower cost of offshore development for certain enterprise applications
- consolidation of offices in Melbourne, Canberra and Perth between 2013 and 2014
- improved utilisation in FY15.

EBITDA margin has increased, despite:

- high level of corporate costs as a result of numerous acquisitions and investments. In this regard, recurring corporate costs increased from \$13.4 million in FY11 to around \$17 million in FY15
- a greater level of competition in the industry
- a cyclical downturn in the industry until mid 2014
- deferral of projects and execution issues in delivering a small number of large IT Infrastructure projects, which resulted in approximately \$2.5 million additional costs in FY14.

Depreciation expense relates to leasehold improvements and plant and equipment, which increased over the period analysed due to capital expenditure associated with the consolidation of offices. Amortisation charges relate to IT software, software development costs and customer relationship intangibles arising on acquisition.

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Significant and non-recurring items reported by UXC are summarised below:

Table 6: Significant and non recurring items

For the period ended \$ millions	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Gain from de-recognition of contingent consideration	-	-	1.3	0.2	1.2
Impairment of investment in associate	(4.0)	-	-	-	-
Gain/(loss) on disposal of business or associate	(4.2)	0.3	1.7	-	-
Bid costs related to UXC Oxygen	-	-	-	-	(0.4)
Relocation costs	-	-	(0.2)	(0.5)	(0.7)
Acquisition and divestment costs	-	-	-	(1.9)	(0.3)
Transformation and redundancy costs	(1.1)	(2.4)	-	(1.9)	(2.9)
Total significant and non recurring items	(9.3)	(2.1)	2.8	(4.1)	(3.1)

Source: UXC Annual Reports and full year results presentations

8.5.1 Outlook

At its Annual General Meeting on 29 October 2015, UXC announced a strong first quarter result for FY16, with significant growth in revenue, EBITDA and profit before tax relative to the prior year. Management expects continuing profitable growth in the core business as a result of:

- contract wins of more than \$100 million in aggregate revenues and confidence in winning further large projects and contracts
- a strong backlog of work (55 percent of forecast FY revenues) and FY16 pipeline
- rising annuity⁹ revenues (29 percent of revenue)
- strategic positioning in high growth markets, especially North America, cyber and information security and new technologies
- revenue contribution from the acquisition of Microsoft Dynamics AX and Microsoft BI divisions of Koorb Consulting in New Zealand in October 2015 (\$6 million annual revenues).

In addition, FY16 earnings are expected to include a contribution from the Wine Direct acquisition in October 2015 (\$1 million annual revenues), full year earnings from Saltbush and Contiigo which historically had \$12 and \$5 million annual revenues, respectively. Higher depreciation on leasehold improvements from the consolidation of the Sydney offices in FY15 is expected to be largely offset by rental cost savings.

Shared services opportunities are expected to generate \$5-10 million in cost savings over a two year period commencing in FY17.

UXC has set targeted underlying profit before tax margins for each of its business units (9-10 percent for Advisory and Consulting, 11-12 percent for Enterprise Applications and 4.5-5.5 percent for IT infrastructure). However, it has indicated that operational improvements in gross margin are required in order to meet targeted margins for each of its divisions. The

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business environment remains mixed, often by region and industry and market spend is stable, although there is some growth towards smaller projects in digital mobility.

8.5.2 Distributions

The following table outlines distribution metrics of UXC for the five years ended 30 June 2015.

Table 7: Dividend metrics

For the period ended	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Weighted basic average number of UXC shares ('000)	305,789	305,847	307,714	316,778	329,526
Basic earnings per share (cents)	(6.60)	6.44	7.80	4.97	6.84
Dividends per share (cents)	-	3.50	5.75	3.75	5.30
Dividend payout ratio (%)	-	54%	74%	78%	79%
Proportion of dividend franked (%)	100%	100%	100%	100%	100%

Source: UXC Annual Reports

The number of shares on issue has increased due to issue of shares under the UXC Incentive Plan and Dividend Reinvestment Plan and as consideration for acquisitions.

Following the sale of the loss making Field Solutions Group in FY12, UXC commenced paying dividends and announced a dividend payout ratio of 50-67 percent of net profit going forward. Dividends in FY13 include a special dividend of 0.45 cents related to the settlement of a dispute with the purchaser of Field Solutions Group.

In FY13, UXC announced an increase in the dividend payout ratio going forward to 60-75 percent of net profit. Confidence in future earnings resulted in UXC paying dividends above this range in FY14 and increasing the payout ratio to 60-80 percent in FY15. UXC has not provided guidance on distributions for FY16.

8.5.3 Broker consensus forecasts

In order to provide an indication of the expected future financial performance of UXC, we have considered brokers' forecasts for UXC. Summarised below are the median consensus forecasts for UXC for FY16, FY17 and FY18.

Table 8: UXC broker consensus forecasts

A\$ million unless otherwise stated	FY16	FY17	FY18
Revenue	728.1	767.2	791.0
EBITDA	47.3	51.1	56.0
EBIT	37.3	41.5	45.0
Statistics			
Revenue growth (%)	6.1%	5.4%	3.1%
EBITDA growth (%)	12.4% ¹	8.0%	9.6%
EBITDA margin (%)	6.5% ¹	6.7%	7.1%
EBIT growth (%)	14.4%	11.3%	8.4%
EBIT margin (%)	5.1%	5.4%	5.7%

Source: Broker reports, KPMG Corporate Finance analysis

Note: Based on the median of broker forecasts

Relative to FY15 reported EBITDA and EBIT from continuing operations (i.e. includes non recurring items).

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In relation to the table above, we note:

- UXC is followed by six brokers, five of which are represented in the consensus forecasts above. The remaining broker does not provide forecasts of revenue, EBITDA or EBIT
- the above consensus forecasts represent the latest available broker forecasts for UXC and all were published after UXC announced its results for FY15 on 20 August 2015.

Further detail of broker estimates is contained in Appendix 3.

8.6 Financial Position Analysis

The financial position of UXC as at 30 June 2015 is summarised below:

Table 9: Financial position of UXC as at 30 June 2015

As at \$ millions	30-Jun-15
Receivables, accruals and prepayments	153.8
Inventories	4.4
Payables, unearned income and provisions	(193.1)
Net current working capital	(34.9)
Property, plant and equipment	17.7
Goodwill	226.8
Other intangible assets	11.8
Deferred tax assets	21.2
Security deposits and debtors clearing	1.0
Other non current assets	0.2
Non current provisions	(5.5)
Deferred and contingent consideration	(7.5)
Derivative financial instruments	(1.7)
Total funds employed	229.1
Cash	25.2
Borrowings	(22.2)
Net cash surplus	3.0
Net assets attributable to UXC shareholders	232.1
Metrics	
Total UXC shares on issue (million)	333.0
Net assets per share (cents)	69.7
NTA per share (cents)	(2.0)
Gearing (%)	(1.3)%

Source: UXC FY15 Annual Report and Full Year Results Presentation

Working capital is generally low or negative and included \$46.0 million of current unearned income at 30 June 2015, which represents payments received in advance and is amortised as services are provided (i.e. sold revenue streams yet to be delivered).

Working capital is highly seasonal. Trade payables peak in June when government procurement occurs and licences are purchased but related disbursements have not yet been made.

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Plant and equipment includes \$12.3 million of leasehold improvements (including \$5.6 million for the consolidation of the Sydney facilities), \$4.9 million of plant and equipment and \$0.5 million of leased plant and equipment.

UXC has substantial goodwill arising on acquisition which is mainly allocated to Enterprise Applications (\$147.3 million), Advisory and Consulting (\$49.6 million) and IT infrastructure (\$30.0 million).

Other intangible assets include software (\$6.2 million, amortised over 2-5 years), capitalised development costs (\$3.0 million, amortised over 2-10 years), customer relationships (\$2.4 million, amortised over 3-5 years) and trademarks (\$0.3 million, classified as indefinite life).

Current provisions (\$30.2 million) and non current provisions (\$5.5 million) include employee benefits (\$30.1 million), rent and make good provisions for premises (\$2.9 million) and other provisions relating to litigation (\$1.3 million), a customer dispute (\$0.8 million) and discounts from Cisco to be used on agreed innovation activities (\$0.4 million) and a risk provision against defects on a project (\$0.2 million).

Deferred and contingent consideration of \$7.5 million primarily includes contingent cash and shares payable by UXC in relation to the Keystone, Saltbush and Contiigo acquisitions. Contingent consideration is reflected at fair value and changes in fair value are reflected in the income statement.

UXC uses derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. At 30 June 2015, UXC had a derivative liability of \$1.7 million relating to a cross currency interest rate swap.

At 30 June 2015, UXC disclosed contingent liabilities of \$6.8 million related to guarantees on the performance of various projects and security for leased premises to third parties in the normal course of business (expiring at different dates).

Under the Australian tax consolidation regime, UXC and its wholly owned Australian resident entities have elected to be taxed as a single entity. At 30 June 2015, UXC was estimated to have:

- \$112,000 of carry forward Canadian income tax losses (\$28,000 tax shield)
- \$352,000 of accumulated franking credits (including the impact of dividends not yet recognised)
- \$16.5 million of unrecognised deferred tax capital losses.

8.6.1 Debt

At 30 June 2015, UXC had net cash of \$3.0 million comprising cash at bank of \$25.2 million and interest bearing liabilities of \$22.2 million.

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Table 10: Debt facilities as at 30 June 2015

	Total facilities (\$ million)	Amount drawn (\$ million)	Available facility (\$ million)	Maturity date	Weighted average cost of debt (%)
Bank overdraft	6.0	-	6.0	30/11/15 ¹⁴	-
Commercial bills	66.0	12.2	53.8	1/7/15, 21/9/15 and 30/11/16	3.2%
Lease liabilities	12.6	9.5	3.0	Mainly 31/8/18, 30/5/20	5.2%
Other loans	0.5	0.5	-	30/9/15	2.1%
Total	85.1	22.2	62.9		

Source: UXC FY15 Annual Report

Seasonal factors that affect working capital result in fluctuations in cash flows throughout the year. As at 30 September 2015, UXC had net borrowings of \$39.2 million comprising net cash at bank of \$12.3 million (including \$4 million overdraft) and borrowings of \$51.5 million.

Table 11: Debt facilities as at 30 September 2015

	Total facilities (\$ million)	Amount drawn (\$ million)	Available facility (\$ million)	Maturity date
Bank overdraft	6.0	4.0	2.0	30/11/15 ¹⁴
Commercial bills A	18.0	8.3	9.7	7/10/15 and 30/11/16
Commercial bills B	45.5	32.5	13.0	21/12/15, 7/10/15 and 30/11/16
Lease liabilities	12.0	10.7	1.3	Mainly 31/8/18, 30/5/20 and 1/6/20
Other loans	-	-	-	Expired
Total	81.5	55.5	26.0	

Source: UXC

Subsequent to 30 June 2015, UXC negotiated refinancing terms for the existing loan facility that is due to expire in November 2016. The new loan facility totals \$97.5 million comprising a \$75 million revolving cash facility and \$22.5 million of facilities to support general working capital and bank guarantee requirements. The new facility has improved margins, a three year tenor, can be drawn in Australian, New Zealand or US dollars and provides additional funding capacity through an accordion feature to support organic growth and facilitate acquisition opportunities. The loan agreement is currently in draft form and has not been signed.

8.7 Cash Flow

UXC generates strong operating cash flows, with the majority of EBITDA converted to cash as a result of UXC's low capital expenditure requirements and renewed focus on managing working capital requirements from FY11. The \$51.8 million net cash proceeds from the sale of the Field Services Group in FY12 were used to repay debt and fund a \$6.1 million capital return and a share buyback program whereby three million shares were purchased up until

¹⁴ UXC is negotiating an extension of the overdraft facility maturity date to 29 February 2016.

September 2012. In the following three years, the net cash balance of \$40 million at 30 June 2012 and operating cash flows were mostly used to fund cash payments for acquisitions (\$60 million net of cash proceeds from divestments) and dividends (\$38 million).

UXC generated a \$3 million cash surplus (net of debt) at 30 June 2015, although as noted cash flows are highly seasonal. Operating cash flows have been distorted by:

- the impact of the loss making Field Solutions Group until September 2012
- a \$12 million increase in working capital in FY13 related to \$8 million of revenue recognised on work completed but not yet billable or billable but not yet accepted related to Gold Coast University Hospital and \$4 million related to a change in the payment terms on Microsoft licence sales
- higher capital expenditure in FY13 and FY15 as a result of the consolidation of office facilities.

Table 12: Cash flow of UXC

For the period ended \$ millions	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
EBITDA from continuing operations	30.6	34.1	35.9	36.8	45.2
EBITDA from discontinued operations (Field Services Group)	(11.2)	(2.5)	-	-	(0.5)
Changes in working capital and other adjustments	4.9	3.8	(10.6)	5.5	5.1
Capital expenditure (net)	(9.7)	(8.6)	(13.2)	(6.8)	(12.1)
Operating cash flow	14.6	26.9	12.1	35.5	37.7
Net interest paid	(7.1)	(1.4)	(0.4)	(2.6)	(2.4)
Tax received/(paid)	6.6	(1.0)	(4.4)	(8.6)	(8.3)
Acquisitions and divestments (net)	(0.5)	51.2	(9.4)	(42.0)	(6.4)
Dividends paid	-	(2.7)	(11.9)	(12.3)	(13.5)
Payments for capital return	-	(6.1)	-	-	-
Share buyback	-	(1.3)	(0.2)	-	-
Net cash generated/(used)	13.5	65.5	(14.2)	(30.0)	7.1
Opening net cash/(borrowings)	(39.0)	(25.5)	40.0	25.8	(4.2)
Closing net cash/(borrowings)	(25.5)	40.0	25.8	(4.2)	3.0

Source: UXC Annual Reports and Full Year Results Presentations

8.8 Equity capital

UXC has the following securities on issue as at 14 December 2015:

- 335,605,113 ordinary shares
- 8,848,544 performance rights over unissued ordinary shares.

Ordinary shares are listed and traded on the ASX. Shareholders are entitled to receive dividends and cast one vote per share at shareholder meetings. Performance rights are over unissued ordinary shares and do not entitle the holder to dividends or voting rights.

As at 11 December 2015, there were 9,290 registered shareholders in UXC. The top 20 registered shareholders accounted for approximately 57 percent of shares on issue and are

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principally institutional nominee or custodian companies. UXC's registered shareholders are predominantly Australian based investors. Over 75 percent of shareholders hold less than 10,000 shares although this represents less than 5 percent of shares on issue.

The following table outlines the substantial shareholders in UXC.

Table 13: Substantial UXC shareholders

Shareholder	Date of Notice	Number of UXC shares	Percentage of issued capital ¹
Renaissance Smaller Companies Pty Ltd	30 September 2015	17,855,504	5.33%
Geoffrey Lord, Director	31 March 2014	16,702,114	5.20%
Dimensional Equities	13 December 2013	16,118,669	5.03%

Source: UXC

Notes:

1. Based on number of shares outstanding as at date of notice.

On 2 June 2015, UXC announced a share buyback program under which it would purchase up to 10 million shares over a 12 month period. The prices paid for shares would be no more than 5 percent above the volume weighted average price of UXC shares over the 5 prior trading days prior to purchase. The program was expected to be earnings accretive. No shares were acquired and the program was cancelled on 14 October 2015 following the announcement of the Indicative Proposal.

UXC's employee share plan allows for three types of awards. All employees are eligible to participate in the \$1,000 Tax Exempt Plan where shares are purchased at market value and cannot be sold for three years and the Tax Deferred Plan where shares are purchased at market value and are subject to forfeiture in certain circumstances. Certain employees are eligible to participate in the Employee Deferred Payment Share Acquisition Plan which allows a limited recourse loan. In FY15, a portion of restricted shares under the Employee Deferred Share Plan were forfeited and employee loans relating to remaining shares were derecognised on the basis that those shares will also be forfeited.

UXC has 8,848,544 performance rights on issue under the UXC Incentive Plan. Each of the performance rights is exercisable into one ordinary share for nil consideration. Performance rights are subject to the achievement of a range of performance criteria over a period of approximately three years from grant date. In the event of a change of control of UXC, all performance rights will be exercisable at the discretion of the board. Performance rights lapse on termination, except at the discretion of the board under certain considerations. Different exercise periods apply where the employee ceases to be employed by UXC.

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Table 14: Performance rights as at 14 December 2015

Grant date	Number of performance rights at 14 December 2015	Expiry date
Employee Performance Rights		
1 October 2013	279,743	31 August 2016
1 October 2014	3,240,439	30 September 2017
23 October 2015	3,480,022	22 October 2018
Total employee performance rights	7,000,204	
Managing Director Performance Rights		
30 October 2014	1,848,340	31 August 2017
Total performance rights	8,848,544	

Source: UXC, KPMG Corporate Finance analysis

8.9 Trading performance

In assessing UXC's share price performance, we have:

- analysed price and volume performance since 20 July 2011, the date on which UXC announced the divestment of the non-core Field Solutions Group
- compared UXC's share price movement to the S&P/ASX 300 Index since 20 July 2011
- considered the volume weighted average price (VWAP) and trading liquidity of UXC shares for the period pre and post the announcement of the Indicative Proposal.

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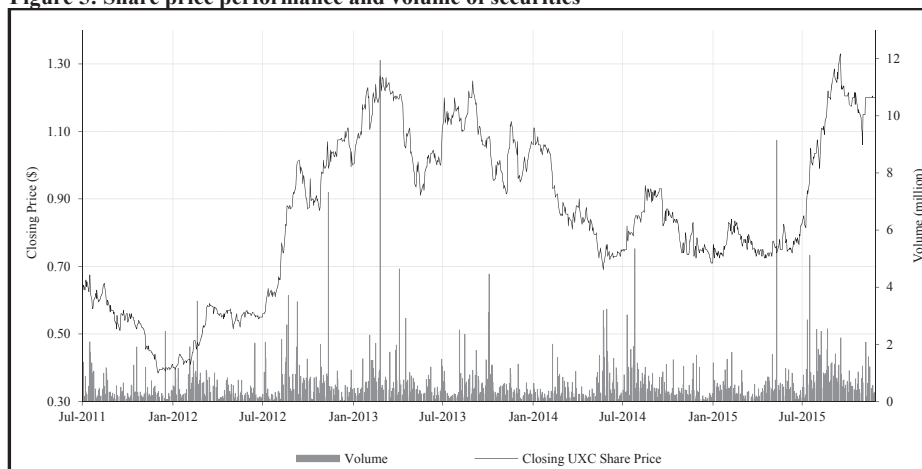


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8.9.1 Share price and volume performance

UXC's share price performance and the volume of shares traded since 20 July 2011 are illustrated below.

Figure 5: Share price performance and volume of securities



Source: Capital IQ; KPMG Corporate Finance Analysis

Following the announcement of the divestment of the Field Solutions Group, UXC share price declined to reach a low of \$0.38 in late December 2011. From then until mid March 2013, the share price increased strongly as a result of strong earnings growth and successful execution of its strategy. The share price reached a high of \$1.27 on 15 March 2013 on heavy trading when UXC was added to the S&P/ASX 300 Index.

After trading broadly in the range \$0.90-1.24, the UXC share price declined following the announcement on 19 December 2013 of weaker first half FY14 earnings. This news corresponded with negative sentiment in the IT services industry in general as a number of competitors reported deferral of projects, reflecting the cyclical downturn in the industry. The UXC share price declined further following the release on 27 February 2014 of UXC's results for the first half of FY14 (which were towards the low end of the guidance provided) and reached a low of \$0.68 in June 2014.

The market responded favourably to UXC's guidance provided in July 2014 which indicated an increase in earnings for the second half of FY14 and the successful delivery of milestones on key projects. From November 2014 until mid July 2015, the UXC shares traded broadly in the range \$0.73-0.80 at a VWAP of \$0.76. Heavy trading on 29 May 2015 followed the announcement that UXC had settled litigation relating to the Field Solutions Group for \$10 million (which was covered by UXC's insurers).

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From mid July 2015, the UXC share price increased by around 75 percent (relative to the VWAP of \$0.76) to close at \$1.33 on 5 October 2015, the day immediately prior to the announcement of the Indicative Proposal, likely reflecting:

- a series of positive announcements by UXC, including the announcement in June 2015 that it had won substantial new contracts and the announcements in August 2015 of the successful refinancing terms and strong FY15 financial results
- re-rating of listed companies in the IT services sector, reflecting an expected cyclical upturn in the IT services industry and a series of earnings upgrades and positive FY15 earnings announcements from peers
- speculation and expectation of potential consolidation in the IT services industry, and
- announcement on 2 June 2015 of a share buyback program that was expected to be earnings accretive, although no shares were acquired.

Since the announcement of the Indicative Proposal, the share price has traded in the range \$1.05-1.31, with a VWAP of \$1.19.

8.9.2 *Relative Performance*

UXC is a member of various indices, including the S&P/ASX All Ordinaries Index, S&P/ASX 300 Index, S&P/ASX Small Ordinaries Index and S&P/ASX 300 Software and Services Index. The S&P/ASX 300 Software and Services Index is dominated by large software companies and closely tracks the broader indices. The UXC share price outperformed the S&P/ASX 300 Software and Services Index from January 2012 but then underperformed the index from March 2013 until June 2014 as a result of lower earnings and a cyclical downturn in IT spending. It then broadly tracked the index until mid July 2015, when the UXC share price (and the share prices of a number of listed IT services companies) was re-rated.

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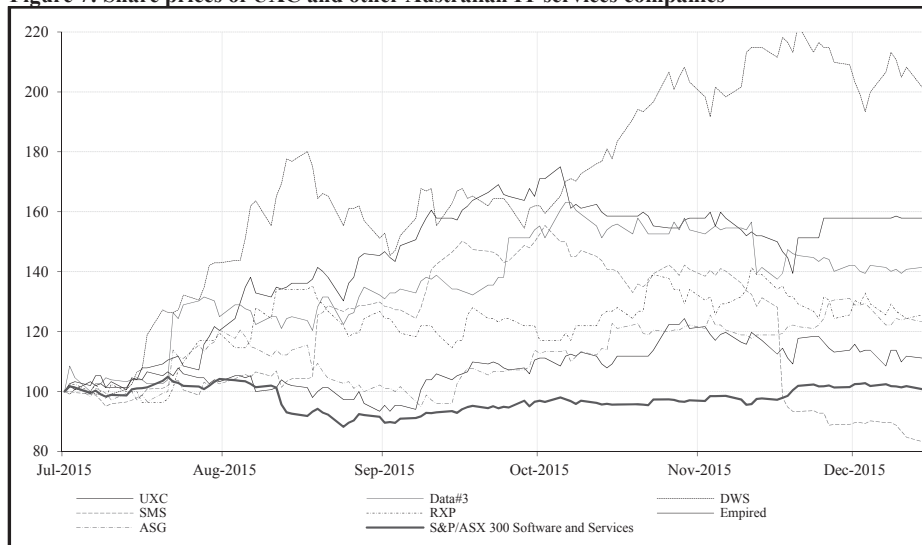
Figure 6: UXC's relative share price performance



Source: Capital IQ; KPMG Corporate Finance Analysis

The positive re-rating of the share prices of UXC and other Australian listed IT services companies is evident in the chart below.

Figure 7: Share prices of UXC and other Australian IT services companies



Source: Capital IQ; KPMG Corporate Finance Analysis

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8.9.3 Liquidity

The table below summarises the liquidity of UXC shares pre and post the announcement of the Indicative Proposal.

Table 15: VWAP and liquidity analysis

Period (trading days)	Price (low) (\$)	Price (high) (\$)	Price VWAP (\$)	Cumulative value (\$ millions)	Cumulative volume (millions)	% of issued capital
Period ended 5 October 2015 (pre-announcement)						
1 day	1.30	1.33	1.31	0.8	0.6	0.2%
5 day	1.23	1.33	1.28	5.3	4.1	1.2%
10 day	1.18	1.33	1.27	12.3	9.7	2.9%
30 day	0.96	1.33	1.18	39.5	33.5	10.0%
60 day	0.77	1.33	1.09	67.8	62.6	18.8%
120 day	0.72	1.33	0.96	95.2	99.2	29.8%
Period ended 14 December 2015 (post-announcement)						
10 day	1.20	1.21	1.20	8.6	7.1	2.1%
Since announcement	1.05	1.31	1.19	39.5	33.1	9.9%

Source: Capital IQ; KPMG Corporate Finance Analysis

Trading in UXC shares was moderate in the six months to mid-2015, reflecting the small cap nature of the stock and sentiment towards the IT services industry. However, trading increased from mid 2015 as UXC and the IT services sector was re-rated.

On announcement of the Indicative Proposal, the UXC share price declined to trade at the offer price (plus interim dividend) of \$1.28 before drifting lower to trade at around \$1.20, then declining further to around \$1.16 following the announcement of a two week extension to the due diligence period granted to CSC. The UXC share price traded as low as \$1.05 on 19 and 20 November 2015 following SMS' announcement that it expected first half FY16 earnings to be considerably lower than in the first half of FY15.

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9 Valuation of UXC

9.1 Valuation summary

We have valued 100 percent of the equity in UXC in the range of \$417 million to \$463 million, which corresponds to a value of \$1.21 to \$1.34 per share.

Our valuation assumes 100 percent ownership of UXC and therefore incorporates a control premium. We would expect our valuation to be in excess of the value of UXC implied by its trading price in the absence of a takeover offer.

The assessed value of equity reflects the estimated market value for UXC's business operations less net borrowings and non operating liabilities and is prepared on a cum-dividend basis. Our valuation of UXC is summarised below and detailed in the remainder of this section.

Table 16: Valuation summary

\$ million (unless otherwise stated)	Section reference	Value range	
		Low	High
Value of business operations	9.3	460.0	506.0
Less: Non operating liabilities	9.4	(10.2)	(10.2)
Less: Net debt	9.5	(32.8)	(32.8)
Value of equity		417.0	463.0
Fully diluted shares on issue (millions)	9.6	344.5	344.5
Value per UXC share (\$)		\$1.21	\$1.34

Source: KPMG Corporate Finance analysis

Note: Table may not sum due to rounding

The valuation takes into consideration:

- a substantial control premium, to reflect UXC's relatively high operating cost structure and related opportunities for cost savings and synergies available to a number of acquirers that have operations in Australia
- UXC's recent financial performance and outlook
- UXC's market position, breadth of services and relationships with key enterprise application vendors
- the cyclical nature of the IT services industry, recent increase in IT expenditure and relatively positive outlook
- seasonal variations in working capital requirements (and therefore, net debt) throughout the year, and
- dilution of shares through the vesting of performance rights under the Scheme.

The value range derived from the capitalised earnings methodology has been cross checked by analysing recent trading in UXC shares and applying a dividend yield methodology (Section 9.7 of this report).

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9.2 Valuation methodology

9.2.1 Overview

Our valuation of UXC has been prepared on the basis of market value. The generally accepted definition of market value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Market value excludes 'special value', which is the value over and above market value that a particular buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Our valuation has had regard to the additional value resulting from estimated corporate cost savings that would generally be available to a pool of purchasers, both financial and trade. It does not include any other strategic or operational synergies that may be unique to CSC. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Market value is commonly derived by applying one or more of the following valuation methodologies:

- the capitalisation of a sustainable level of earnings (capitalised earnings)
- the discounting of expected future cash flows to present value (discounted cash flow)
- the estimation of the net proceeds from an orderly realisation of assets (net assets)
- trading prices for the company's shares on ASX.

These methodologies are discussed in greater detail in Appendix 4. Ultimately, the methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is typically adopted as a cross-check to ensure reasonableness of outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, methodologies such as capitalised earnings and discounted cash flow are commonly used as they reflect 'going concern' values which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradable or asset rich, a net assets approach is typically adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

We have assessed the value of UXC by aggregating the estimated market value of UXC's business operations with the realisable value of any other separately valued assets and liabilities, and deducting net debt.

For the valuation of UXC's business operations, we adopted capitalised earnings as our primary methodology. This was based on the following considerations:

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- a capitalised earnings methodology is a commonly used method for the valuation of industrial businesses, especially those with a long operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential, which is the case for UXC. Further, there is sufficient market evidence available from which a meaningful earnings multiple can be derived
- a discounted cash flow methodology is also widely used in the valuation of established industrial businesses. The inherent uncertainty associated with the project-driven nature and cyclicity of UXC's operations, acquisition strategy and lumpiness of changes in working capital, means that preparing reliable cash flow projects beyond the current work in hand schedule is particularly challenging. This may reduce the robustness of any results derived from a discounted cash flow analysis
- a net assets approach is not considered appropriate in UXC's case as this method would not capture the growth potential and goodwill associated with the business
- trading prices for UXC shares are likely to have been impacted by press speculation of consolidation activity in the IT services industry that contributed to the market re-rating from around mid 2015. Accordingly, considerable judgement is required in deriving conclusions on the fundamental value of a UXC share in the absence of a takeover offer on the basis of UXC's recent share price performance. Nevertheless, we have also had regard to trading prices for UXC shares as a high-level cross-check to support the robustness of the value derived from our primary capitalised earnings methodology, and
- we have also cross-checked our primary capitalised earnings methodology with a dividend yield methodology

The value of the business operations of UXC has been determined through an iterative process, ensuring the value derived from our primary capitalised earnings methodology is consistent with the outcomes of our analysis of UXC's share price performance and the dividend yield.

9.2.3 Selection of earnings metric

A capitalised earnings methodology can be applied to a number of different earnings or cash flow measures, including, but not limited to, EBITDA, EBIT and net profit after tax. EBITDA and EBIT multiples are commonly used in the context of control transactions where the capital structure is in the hands of the acquirer. Price earnings multiples are more commonly used in the context of sharemarket trading.

IT services businesses are not capital intensive and have relatively low depreciation and amortisation requirements and, therefore, the earnings base is not impacted by depreciation or asset rental charges to the same extent as more capital intensive businesses such as construction companies, which would require the valuer to adopt EBIT to avoid having to adjust for the way in which comparable companies may differ in their asset management policies. Furthermore, capital expenditure (including software development activities) is often lumpy and depreciation may not reflect a normalised level of capital expenditure, and

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depreciation policies often vary between companies. Therefore, we consider EBITDA to be an appropriate earnings metric.

9.2.4 Control premium considerations

Multiples applied in a capitalised earnings methodology are generally based on data from listed companies and recent transactions in a comparable sector, with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

The multiples derived for listed comparable companies are generally based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect prices at which portfolio interests change hands. That is, there is no premium for control incorporated within such pricing. They may also be impacted by the level of liquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (i.e. 100 percent) it is appropriate to also reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

Consistent with the requirements of RG 111, in valuing UXC we have assumed 100 percent ownership, and therefore included a premium for control when assessing the multiples implied by the trading prices for listed comparable companies.

Observations from transaction evidence indicate that takeover premiums generally range from 20 to 35 percent for completed takeovers depending on the individual circumstances. In transactions where it was estimated that the combined entity would be able to achieve significant synergies, the takeover premium was frequently estimated to be towards the high end of this range or greater. Takeover premiums can vary significantly between individual transactions as the final price paid will reflect to varying degrees:

- pure control premium in respect of the acquirer's ability to utilise full control over the strategy and cash flows of the target entity
- the level of synergies available to all acquirers, such as the removal of costs associated with the target being a listed entity and/or costs related to duplicated head office functions
- the expected costs to integrate and the uncertainties associated with timing of realising the targeted synergies
- synergistic or special value that may be unique to a specific acquirer
- the nature of the bidder i.e. financial investor vs trade participant
- the stake acquired in the transaction and the bidder's pre-existing shareholding in the target
- the stage of the market cycle and the prevailing conditions of the economy and capital markets at the time of the transaction
- desire (or anxiety) for the acquirer to complete the transaction

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- whether the acquisition is competitive
- the extent the target company's share price already reflects a degree of takeover speculation.

9.3 Value of business operations

9.3.1 Summary

KPMG Corporate Finance has valued the operating business of UXC to be in the range of \$460 to 506 million.

Table 17: Valuation of business operations

\$ million (unless otherwise stated)	Section reference	Value range	
		Low	High
Maintainable EBITDA (FY16)	9.3.2	46.0	46.0
EBITDA multiple (times)	9.3.3	10.0	11.0
Value of business operations		460.0	506.0

Source: KPMG Corporate Finance analysis

Note: Table may not sum due to rounding

The valuation of UXC's business operations was determined using a capitalised earnings methodology, based on future maintainable EBITDA and a forward capitalisation multiple of 10 to 11 times. The basis for each of these assumptions is discussed in the sections below.

9.3.2 Maintainable earnings

Maintainable earnings represents the level of earnings that the business can sustainably generate in the future. We have selected a future maintainable EBITDA for UXC of \$46 million. In making this assessment, we have had regard to the following:

- discussions with UXC management regarding the FY16 budget, performance to date and earnings expectations. Although UXC has provided information on strong trading performance for the first and second quarters of FY16, it has not provided earnings guidance for the full year as the earnings are expected to be weighted towards the second half of the year, consistent with historical experience. Accordingly, we have also had regard to consensus broker forecasts. UXC management consider the median broker estimate to be at the high end of their expectations
- underlying actual EBITDA in FY14 and FY15 and the median broker forecast EBITDA for FY16 as presented below:

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Table 18: Underlying actual EBITDA and broker forecast EBITDA for UXC

For the period ended	Actual ¹⁵		Broker forecast
\$ millions	30-Jun-14	30-Jun-15	30-Jun-16
EBITDA	36.8	45.2	47.3

Source: UXC Annual Reports

- **Predictability of earnings:** a large share of revenues for IT services businesses (and in particular IT consulting) are project based and, therefore, difficult to predict in the long term. However, UXC has sought to increase the predictability of revenues and annuity⁹ revenues have increased, backlog represents 55 percent of FY16 revenues and UXC has a significant pipeline of opportunities to support FY16 revenues. In addition, UXC has a diverse customer base and is diversifying geographically
- **Industry factors:** the IT services industry is influenced by cyclical and structural factors. Earnings in FY14 were impacted by a cyclical downturn (e.g. weak business confidence) and a deferral of IT spending as companies sought greater understanding of new cloud based technologies. Earnings in FY15 and FY16 reflect a moderate level of IT expenditure
- **Non recurring items:** underlying EBITDA in historical periods excludes the impact of one-off significant items such as acquisition costs and transformation and redundancy costs. Further detail in relation to UXC's significant items is included in Section 8.5 of this report. Brokers do not typically forecast non recurring items. Therefore, broker consensus EBITDA forecast for FY16 should reflect only recurring items
- **Acquisitions:** UXC has recently completed a number of acquisitions. FY15 earnings does not reflect earnings from acquisitions which occurred in October 2015 and reflects a partial year of earnings from acquisitions made during FY15. These acquisitions and their revenue contribution have been publicly announced by UXC and, therefore, should be reflected in FY16 broker forecasts for UXC
- **Organic growth:** over the last five years, a majority of revenue growth has resulted from acquisitions, with organic growth accounting for around 1 percent annual growth in revenues. However, UXC has announced a number of new wins that support organic earnings growth in FY16 and beyond, and
- **Other factors:** there are a number of factors that indicate the potential for upside, including further acquisition opportunities, the higher growth potential of new technologies and growth in new markets (e.g. North America). These factors, as well as any potential downside risks to future profitability, such as increasing competition driving down margins, have been captured in our selection of the appropriate multiple by reference to the growth profile expected for comparable companies.

¹⁵ EBITDA is earnings from continuing operations before interest, tax, depreciation, amortisation, income from equity accounted investments, significant and non recurring items.

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We note that we have not adjusted maintainable earnings for cost savings available to any acquirer of 100 percent of a company that has operations in Australia, as these types of general synergies are commonly subsumed within a premium for control that is reflected in our selection of the appropriate multiple.

9.3.3 EBITDA multiple

The multiple applied in a capitalised earnings methodology should reflect the return expected by an investor in the business. Returns are dependent on various factors including a business' operational risks, growth profile, profitability, size and external environment, amongst others.

In selecting the multiple range to be applied, consideration is generally given to market evidence derived from listed comparable companies and recent transactions involving comparable businesses/assets, with an appropriate adjustment to reflect the specific characteristics of the business being valued.

Sharemarket evidence

There are a number of listed IT services companies in Australia. None of the companies are directly comparable to UXC. All of the companies offer IT consulting and installation of hardware and software and IT outsourcing, however, the service offering of a number of peers remains less comprehensive than UXC. SMS also offers recruitment and contract labour. None of the companies are an implementation partner for more than one major enterprise application vendor.

Size is typically a substantial advantage for IT services businesses for a number of reasons. Larger companies are likely to have a broader range of services and a stronger market presence, both of which assist in competing for large tenders. Larger companies are better able to benefit from efficiencies that can be gained from achieving economies of scale and advantageous financing terms. Larger companies also have greater capacity to absorb losses on specific projects. They typically achieve greater diversity of services and clients, which reduces earnings volatility.

The cash flows of a number of the comparable companies are highly seasonal. As for UXC, cash balances peak in June and are significantly lower at December. This will have the effect of reducing multiples that are calculated based on a June balance sheet and overstating multiples that are calculated based on a December balance sheet. Therefore, the multiples have been calculated using the average of net borrowings/cash at 31 December 2014 and 30 June 2015.

The implied EBITDA multiples of the identified listed comparable companies are summarised in the table below.

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Table 19: Sharemarket evidence

For the period ended	Market capitalisation (\$m)	Enterprise value (\$m)	Revenue growth FY16	EBITDA growth FY16	EBITDA margin FY16	EBITDA multiple ¹ FY15	EBITDA multiple ¹ FY16
ASG	229	245	18.6%	48.6%	14.0%	11.9	9.1
SMS	203	201	0.6%	(6.3)%	7.4%	6.5	7.7
DWS	166	155	52.8%	52.2%	16.5%	10.1 ²	6.7
Data#3	165	108	6.9%	16.7%	2.0%	6.2	5.8
Empired	99	118	29.2%	62.7%	11.4%	12.5 ²	6.4
RXP	7175	60	43.2%	68.9%	13.6%	5.7	3.9

Source: S&P Capital IQ (data as at 13 December 2015); KPMG Corporate Finance analysis

Note 1: EBITDA multiples defined as Enterprise Value (the gross capitalisation comprising the sum of the market capitalisation adjusted for outside equity interests, preferred equity, plus borrowings less cash) divided by EBITDA.

Net borrowings is the average of net borrowings at 31 December 2014 and 30 June 2015

Note 2: Reflects the impact of acquisitions

A detailed analysis of these comparable companies is set out in Appendix 5. In assessing the comparability of the companies detailed above, we note the following:

- the multiples derived for listed comparable companies are generally based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect prices at which portfolio interests change hands. That is, there is no premium for control incorporated within such pricing
- Empired and DWS have recently made large acquisitions and, therefore, their historical multiples are high. Excluding historical multiples for Empired and DWS, multiples are in a broad range of 5.7 to 11.9 times historical EBITDA and 3.9 to 9.1 times forecast EBITDA
- the high end of the range is represented by ASG and SMS. These companies are larger and their operations are more diversified than a number of the other companies. Their multiples are 9.1 and 7.7 times forecast EBITDA, respectively. However, their EBITDA growth in FY17 and FY18 is expected to be higher than for UXC. Furthermore, ASG has a substantially higher FY16 EBITDA margin (14.0 percent) relative to UXC (6.5 percent). Although SMS' FY16 EBITDA margin of 7.4 percent is broadly comparable to UXC, approximately one third of FY15 revenues was derived from recruitment and contract labour. Brokers are forecasting a decline in earnings for SMS in FY16, following a trading update in November 2015 that indicated that EBITDA in the first half of FY16 was expected to be 15 to 20 percent lower than in the first half of FY15
- multiples for DWS and Empired are moderate. DWS' multiples may reflect that trading is relatively illiquid (it has a limited free float). Its share price has increased by around 89 percent since mid July 2015. Empired is substantially smaller than UXC although similar to UXC, it is an implementation partner for Microsoft (but not for Oracle or SAP)
- the low end of the range is represented by RXP and Data#3. RXP is much smaller than UXC and has made a number of scrip acquisitions that have diluted its share price. Data#3 offers a large proportion of low margin products and has a low EBITDA margin (2.0 percent), and

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- the multiples reflect the stage of the IT expenditure cycle. IT expenditure remained constrained until around mid 2014 and by September 2014, forecast EBITDA multiples for comparable companies had increased, reflecting an expectation of strong future earnings growth. As at 30 September 2014, multiples for the most comparable companies, SMS and ASG, were 10.5 and 9.1 times forecast EBITDA,¹⁶ respectively.

Transaction evidence

The price paid in transactions is widely considered to represent the market value of a controlling interest in the target company. The difference between the value of a controlling interest and a minority interest (as implied by the share price) is referred to as a premium for control. The quantum of this premium will vary dependent on the specific circumstances of each transaction, including the equity share acquired, the negotiating position of the parties, competitive tension in the sales process, the availability of synergies and the extent to which a buyer would pay away these synergies to gain control of the target.

The IT services industry globally is mature and highly fragmented and there have been a number of acquisitions between substantial participants. The motivation for these acquisitions has included gaining a wider breadth of services, acquiring capability in key technologies or vendor relationships and gaining access to cheaper overseas labour markets. There have also been a number of acquisitions of relatively small businesses (e.g. by UXC). Our analysis has focused on large acquisitions where the target is of broadly similar scale to UXC.

The table below sets out the historical and forecast EBITDA multiples implied by recent transactions involving companies operating in the international IT services industry for which sufficient financial data is available.

¹⁶ Calculated based on the average of net debt at 31 December 2013 and 30 June 2014

Table 20: Transaction evidence

Announcement date	Target	Target country	Percentage acquired	Transaction value (AUDm)	EBITDA multiple LTM	EBITDA multiple NTM
21-May-15	Phoenix IT Group PLC	United Kingdom	72%	383	7.0	6.6
24-Mar-15	Accumuli plc	United Kingdom	100%	91	17.0	12.0
08-Dec-14	EVRY ASA	Norway	100%	1,081	5.7	5.4
28-Nov-14	nSynergy Pty Ltd	Australia	100%	25	7.3	n/a
11-Aug-14	Oakton Ltd.	Australia	100%	169	10.7	10.2
23-May-14	Bull Société Anonyme	France	100%	633	6.8	5.7
08-Apr-14	Groupe Steria SCA	France	100%	1,155	6.6	4.6
20-Dec-13	Dynamics Research Corporation	United States	100%	232	8.4	8.8
20-Feb-13	Sigma AB	Sweden	51%	98	8.4	6.5
17-Dec-12	Datacom Group Limited	New Zealand	35%	355	7.2	n/a
31-May-12	Logica PLC	United Kingdom	100%	3,301	18.7	7.1
30-May-12	CSG Solutions and CSG Services	Australia	100%	260	7.8	n/a
16-Aug-11	Vangent, Inc.	United States	100%	1,333	14.9	n/a
31-Mar-11	SRA International, Inc.	United States	100%	1,659	10.9	9.6

Source: Company financial statements and announcements; S&P Capital IQ; KPMG Corporate Finance analysis

Note 1: the implied enterprise value used to estimate the EBITDA multiples has not been adjusted for the seasonality of cash flows and only reflects the target's net debt position at the transaction announcement date.

Note 2: Oakton's LTM EBITDA reflects normalized EBITDA of \$15.8 million from the independent expert report.

Note 3: Daisy Intermediate Holdings acquired 100 percent Phoenix IT Group through two separate transactions of 72 percent and 28 percent interests

Note 4: Acquisition of Sigma AB involved the acquisition of the remaining 51 percent interest not already held

Note 4: the EBITDA multiple NTM was calculated based on the broker consensus NTM EBITDA as at the transaction announcement date.

Note 5: when the transaction is announced shortly before the target's financial year end, the broker consensus forecast EBITDA for that financial year is used as the proxy for the LTM EBITDA.

Each of the above transactions is described in Appendix 5.

Whilst the services provided by the target companies are broadly comparable to UXC's business operations, in assessing the comparability of the implied multiples it is necessary to consider the particular attributes of the target companies and the specific circumstances surrounding each transaction, including:

- a number of target companies are substantially larger and more geographically diversified than UXC (Logica PLC, Vangent, Inc, SRA International, Inc.) and their multiples are high (SRA International, Inc. has a forward multiple of 9.6 times EBITDA)
- although large, acquisitions of EVRY ASA, Groupe Steria SCA and Bull Societe Anonyme occurred at relatively low multiples (5.4, 4.6 and 5.7 times forecast EBITDA, respectively). This likely reflects that one third of sales for EVRY ASA are sourced from financial services and online banking, Groupe Steria SCA has substantial business process outsourcing activities and Bull Societe Anonyme offers a large number of low cost products and services
- other target companies are substantially smaller than UXC (nSynergy Pty Ltd, Sigma AB) and their multiples are low (acquisition of the remaining 51 percent in Sigma AB has a forward multiple of 6.5)
- although relatively small, the acquisition of Accumuli plc occurred at a relatively high multiple (12 times forecast EBITDA) reflecting the value ascribed to its proprietary

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software and ability for NCC Group plc to cross sell its software and services to its client base

- the acquisition of a 35 percent interest in Datacom Group Limited is not a control transaction. All other transactions resulted in the acquirer holding 100 percent of the target companies
- Dimension Data's acquisition of Oakton occurred at a multiple of 10.2 times forecast EBITDA. Similar to UXC, Oakton was an implementation partner for Microsoft Dynamics, however, Oakton had a higher forecast EBITDA margin (10 percent). Furthermore, the transaction was announced in August 2014 at the bottom of the IT expenditure cycle in Australia. Brokers expected Oakton's earnings in FY15 to also be constrained, followed by strong growth in FY16 (the FY16 multiple was 9.2 times EBITDA). Therefore, the multiple is potentially higher than would occur at the other stages of the IT expenditure cycle, and
- the remaining transactions (Phoenix IT Group PLC and Dynamics Research Corporation) occurred at multiples of 6.6 and 8.8 times forecast EBITDA, respectively.

Control premium considerations

When valuing UXC on a controlling basis using market information, it is necessary to consider an appropriate control premium to apply. We consider an appropriate control premium to be around the upper end of the 20 to 35 percent range (on an equity value basis) typically observed in successful takeovers in Australia. This level of control premium is justified having regard to UXC's relatively high cost structure and the substantial cost savings that could likely be achieved by an acquirer of UXC.

There are a number of multinational corporations that have operations in Australia and are of sufficient scale to fund an acquisition of UXC (e.g. IBM, Fujitsu, NEC Networks & System Integration Corporation, CGI Group, Inc.). UXC estimates that over time an acquirer could save up to \$20 million of costs (e.g. human resources, finance, IT, finance, payroll, listing costs), assuming they had an established business in Australia. This estimate is before implementation costs.

There are risks associated with fully realising the benefits outlined above, the timing thereof and implementation costs (e.g. redundancy). Furthermore, achieving substantial cost savings may have a negative impact on sales (e.g. loss of customers if relationships and level of service are impacted). In addition, it is common practice not to ascribe the full value of estimated synergies in the valuation as, in a competitive bidding situation, a potential acquirer may not pay away the full benefit of synergies due to the risks associated with fully realising such benefits. Accordingly, we have reflected the risk adjusted potential future benefit of these cost savings and synergies available to a typical acquirer in the control premium when selecting the multiple.

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Selected multiple range

Based on our analysis of the implied multiples of comparable companies and transactions as outlined above, we have selected a forward multiple range of 10-11 times future maintainable EBITDA having regard to the following considerations:

- similar to other Australian listed companies, UXC is expected to benefit from a moderate increase in IT expenditure
- UXC's historical growth predominantly reflected acquisitions which were largely funded by surplus cash. UXC's future growth by acquisition may not reflect historical trends as it no longer has substantial surplus cash and its ability to take on additional debt may be limited
- UXC is the largest listed Australian IT services company. Other large listed IT services companies are ASG and SMS. These companies also provide a range of services (IT consulting, installation and IT outsourcing). Their forecast EBITDA multiples are 9.1 and 7.7, respectively. However, their EBITDA growth in FY16 and FY17 is expected to be higher than for UXC. UXC's relatively low EBITDA margin is broadly comparable to SMS although it is significantly lower than for ASG and most other listed peers
- a number of the comparable transactions are substantially larger than UXC. Transactions involving companies of moderate size are in the range of 7 to 10 times forecast EBITDA. This includes the Oakton transaction (which represents the high end of this range), which is the most comparable transaction, notwithstanding it occurred at the bottom of the IT expenditure cycle. Given UXC's leading market positions, partnerships with enterprise application vendors and exposure to high growth emerging markets in the United States, we would expect an appropriate EBITDA multiple for UXC's business operations (on a controlling basis) to be towards the high end of this range,
- assuming a control premium in the range 25-35 percent and gearing of 5-10 percent, the selected EBITDA multiple of 10-11 times is equivalent to a multiple of 8.1-8.4 times EBITDA on a minority basis. This multiple is towards the high end of sharemarket evidence, and
- the selected EBITDA multiple of 10-11 times is higher than the multiples based on the control transactions discussed above. This captures the opportunities for cost savings both standalone and those arising from overlapping activities with potential acquirers that have operations in Australia. There are a number of global IT services companies with operations in Australia. In incorporating an appropriate premium for control in accordance with RG 111, we have only considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of UXC. As such, we have not included the value of special benefits that may be unique to CSC. Accordingly, our valuation of UXC has been determined without regard to the specific bidder.

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9.4 Non operating liabilities

Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. Non operating liabilities have been valued at \$10.2 million and comprise:

- contingent liabilities as at 30 September 2015, which are reflected at fair value on the statement of financial position, and
- provisions as at 30 September 2015 relating to litigation, a customer dispute, discounts from Cisco to be used on agreed innovation activities and a risk provision against defects on a project.

No adjustment has been made for Canadian tax losses as these are not material (\$0.03 million tax shield).

9.5 Net debt

UXC's net debt fluctuates widely throughout the year largely because of seasonal working capital requirements. The movement between the high and the low point is approximately \$60 million. KPMG Corporate Finance has assessed a normalised level of net borrowings to be \$32.8 million. In making this assessment, KPMG Corporate Finance has considered:

- daily net borrowings for UXC for the past 12 months
- UXC's capital expenditure and working capital requirements
- payment of dividends, including the payment on 6 October 2015 of the final dividend for the FY15 year of 3.6 cents, and
- discussions with UXC management

9.6 Number of shares on issue

UXC has 335,605,113 ordinary shares on issue and 8,848,544 performance rights over unissued ordinary shares. The performance rights will vest as a result of the transaction. On a fully diluted basis, the number of shares on issue is 344,453,657.

9.7 Valuation cross checks

9.7.1 Analysis of trading price of UXC shares cross check

KPMG Corporate Finance has cross checked the primary valuation methodology by analysing recent trading prices of UXC shares.

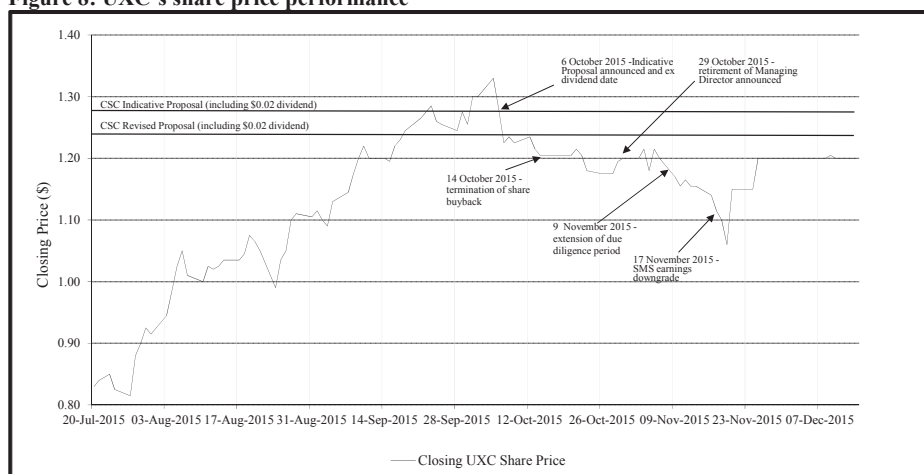
Trading prices for shares in UXC and its ASX listed peers are likely to have been impacted by speculation of consolidation activity in the IT services industry which contributed to a re-rating of their share prices from mid July 2015. However, the re-rating likely also reflects a series of positive earnings announcements from UXC and its peers. Accordingly, considerable judgement is required in deriving conclusions on the fundamental value of a

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UXC share in the absence of speculation of industry consolidation based on an analysis of UXC's recent share price performance. Nevertheless, we have also had regard to trading prices for UXC shares as a high-level cross-check to support the robustness of the value derived from our primary capitalised earnings methodology.

The chart below illustrates the re-rating of UXC's share price from mid July 2015:

Figure 8: UXC's share price performance



Source: Capital IQ; KPMG Corporate Finance Analysis

In assessing the share price at which a UXC share may trade in the absence of market speculation as to consolidation activity, we have considered the following:

- the VWAP of a UXC share calculated over 30, 60 and 120 day periods prior to the re-rating (15 July 2015) was in the range of \$0.75 to \$0.77, compared with those calculated in the periods leading up to the announcement of the Indicative Proposal (\$0.96 to \$1.18)

Table 21: VWAP

Period (trading days)	VWAP to 5 October 2015 (\$)	VWAP to 15 July 2015 (\$)
30 day	1.18	0.77
60 day	1.09	0.75
120 day	0.96	0.76

Source: Capital IQ; KPMG Corporate Finance Analysis

- UXC shares have traded above \$1.22 only during brief periods in 2013 and in the month immediately before and after the Indicative Proposal of \$1.26 per share (plus interim dividend)
- since the announcement of the Indicative Proposal, UXC shares have traded as low as \$1.05 on 19 and 20 November 2015, following the announcement on 9 November 2015

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that the due diligence period had been extended and SMS' earnings downgrade announced on 17 November 2015, and

- the share prices of some of UXC's peers have declined since the announcement of the Indicative Proposal (SMS, 44 percent) and (Data#3, 12 percent), although DWS' share price increased by an additional 22 percent.

Table 22: ASX listed IT services companies

Company	Share price (\$) as at		Percentage increase (16/7/15 to 5/10/15)	Share price (\$) as at 14 December 2015	Percentage increase (5/10/15 to 14/12/15)	Percentage increase (16/7/15 to 14/12/15)
	15 July 2015	5 October 2015				
UXC	0.79	1.33	68%	1.20	(10)%	52%
ASG	0.88	1.02	16%	1.11	9%	27%
SMS	3.41	5.22	53%	2.90	(44)%	(15)%
DWS	0.65	1.00	54%	1.22	22%	89%
Data#3	0.80	1.22	53%	1.08	(12)%	35%
Empired	0.79	0.83	5%	0.85	2%	7%
RXP	0.41	0.48	17%	0.52	7%	26%
Average (excluding UXC)			33%		(3)%	28%
Median (excluding UXC)			35%		5%	26%

Source: S&P Capital IQ

Overall, analysis of trading in UXC shares indicates that in the absence of market speculation of industry consolidation, a price in the range \$0.96-1.05 is appropriate (cum dividend basis). As noted above, considerable judgement is required in deriving conclusions on the fundamental value of a UXC share in the absence of speculation of industry consolidation based on an analysis of UXC's recent share price performance. The high end of this range is based on the price at which UXC shares traded following the announcement that the due diligence period had been extended (i.e. there may have been uncertainty as to whether the transaction would proceed and, therefore, the price may not include a full control premium). Trading prices for shares in UXC and its ASX listed peers are likely to have been impacted by speculation of consolidation activity in the IT services industry which contributed to a re-rating of their share prices from mid July 2015 and, therefore, may include an element of control. However, the re-rating likely also reflects a series of positive earnings announcements from UXC and its peers. The low end of the range takes into account the 120 day VWAP for UXC's share prices, which reflects UXC's share price over the period 18 April 2015 to 5 October 2015 and, therefore, broadly captures 3 months before and after the re-rating.

Share prices of listed companies typically reflect the value of portfolio interests in the underlying company and are commonly assumed to exclude a premium for control. Therefore, in providing a high-level cross-check of the value we derived for UXC from our primary capitalised earnings methodology, we have also included in our share price analysis a premium for control at the upper end of the observed range, which resulted in the following valuation range.

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Table 23: High level valuation cross check based on share price analysis

Company	Low	High
UXC share price (\$)	0.96	1.05
Control premium	25%	35%
Value of UXC share price on a controlling basis (\$)	1.20	1.42

Source: S&P Capital IQ, KPMG Corporate Finance Analysis

The resultant value range under our high-level share price analysis supports our assessed valuation of UXC derived from our primary capitalised earnings methodology and, therefore, we consider our valuation of UXC to be reasonable.

9.7.2 Dividend Yield Cross Check

KPMG Corporate Finance has cross checked the primary valuation methodology by undertaking a dividend yield cross-check.

The average and median dividend yields of ASX listed IT services companies that are expected to pay a dividend in FY16 is 5.6 and 5.9 percent, respectively.

Table 24: Dividend yield cross check

Company	FY16 Dividend Yield as at 13 December 2015
ASG	-
SMS	5.3%
DWS	7.8%
Data#3	6.8%
Empired	2.4%
RXP	5.9%
Average (excluding ASG)	5.6%
Median (excluding ASG)	5.9%

Source: Capital IQ

The above dividend yields for ASX listed IT services companies and UXC's median broker forecast dividend for FY16 of 5.9 cents per share implies a value of \$1.00-\$1.05 per UXC share on a minority basis. Our value range based on the primary earnings approach of \$1.21 to \$1.34 per UXC share implies a control premium over the minority value in the range of 21 to 27 percent.

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Table 25: High level valuation cross check based on dividend yield

Company	Section reference	Low	High
UXC FY16 dividend (\$)		0.059	0.059
Dividend yield		5.9%	5.6%
UXC share price (\$)		1.00	1.05
Value of UXC share price on a controlling basis (\$)	9.1	1.21	1.34
Implied control premium		21%	27%

Source: S&P Capital IQ, KPMG Corporate Finance Analysis

The implied control premium is towards the low end of those that observed in control transactions. This likely reflects UXC's relatively high dividend payout ratio and that the share prices of a number of UXC's peers have also been affected by speculation of consolidation, causing share prices to increase and dividend yields to compress.

In our view, this analysis does not indicate any fundamental issues with respect to our assessed valuation of UXC derived from our primary capitalised earnings methodology and, therefore, we consider our valuation of UXC to be reasonable.



Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Adele Thomas and Sean Collins. Adele is a member of the Institute of Chartered Accountants in Australia and holds Bachelor of Commerce and Bachelor of Accounting degrees. Sean is a fellow of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce degree. Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Transaction is in the best interests of UXC shareholders. KPMG Corporate Finance expressly disclaims any liability to any UXC shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Scheme Booklet or any other document prepared in respect of the Transaction. Accordingly, we take no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Transaction.

We note that the forward-looking financial information prepared by the Company does not include estimates as to the potential impact of any future changes in taxation legislation. Future taxation changes are unable to be reliably determined at this time.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of UXC for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Scheme Booklet to be issued to the shareholders of UXC. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

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Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Scheme Booklet
- the Scheme Implementation Deed
- annual reports for UXC for the five years ended 30 June 2015
- press releases, public announcements, media and analyst presentation material and other public filings by UXC
- brokers' reports and press articles on UXC
- sharemarket data, annual reports, company presentations and news releases of comparable companies
- industry reports from Telsyte, Gartner and IBISWorld
- data providers including S&P Capital IQ, Thomson Reuters and Bloomberg.

Non-public information provided by UXC:

- unaudited financial reports for UXC for three months ended 30 September 2015
- FY16 budget for UXC prepared by UXC management
- Board papers and other internal briefing papers prepared by UXC and their advisers in relation to the Transaction
- other confidential documents, presentations and workpapers

In preparing this report, we have held discussions with, and obtained information from, senior management of UXC and its advisers.

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Appendix 3 – Broker estimates

Detailed broker estimates are set out below:

Company	Report date	Revenue			EBITDA			EBIT		
		FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18
Broker 1	28 Aug 15	na	na	na	na	na	na	na	na	na
Broker 2	24 Aug 15	730.2	767.2	788.0	48.0	51.1	53.4	37.3	41.5	45.1
Broker 3	20 Aug 15	727.9	768.1	804.0	45.0	50.7	56.0	35.9	40.4	44.7
Broker 4	20 Aug 15	728.1	752.9	779.2	44.3	46.9	48.6	35.1	37.4	38.7
Broker 5	25 Nov 15	728.0	779.0	834.0	49.0	54.0	58.0	39.0	42.0	45.0
Broker 6	09 Oct 15	728.3	766.6	791.0	47.3	55.1	60.5	37.4	44.4	49.1
Minimum		727.9	752.9	779.2	44.3	46.9	48.6	35.1	37.4	38.7
Maximum		739.2	779.0	834.0	49.0	55.1	60.5	39.0	44.4	49.1
Average		728.5	766.8	799.2	46.7	51.6	55.3	36.9	41.1	44.5
Median		728.1	767.2	791.0	47.3	51.1	56.0	37.3	41.5	45.0

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Appendix 4 – Valuation methodology

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical discounted cash flow methodology or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the discounted cash flow methodology.

Discounted cash flow

Under a discounted cash flow methodology, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a discounted cash flow analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a discounted cash flow to produce a sensible

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valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the Weighted Average Cost of Capital (WACC), reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values. A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

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Appendix 5 – Market Evidence

Description of comparable companies

A brief description of the selected comparable companies is provided below:

ASG Group Limited

ASG Group Limited (ASG) is an ASX listed IT services company with a market capitalisation of \$229 million at 25 November 2015. It provides IT consulting, IT outsourcing and software implementation and support and is an ERP implementation partner for Oracle. It operates primarily in Australia. The company was founded in 1996 and is headquartered in Perth, Australia.

SMS Management & Technology Limited

SMS Management & Technology Limited (SMS) is an ASX listed IT services company with a market capitalisation of \$222 million at 25 November 2015. It has operations in Australia, Hong Kong, Singapore, and Vietnam. The company operates through two segments, SMS Consulting and M&T Resources. The SMS Consulting segment offers IT consulting, IT outsourcing and software implementation and support. It provides a range of services around the Microsoft offering (although is not an ERP implementation partner). The M&T Resources segment provides recruitment and contract labour services primarily in the information technology sector and accounted for approximately one third of FY15 revenue. The EBITDA margin for this segment is low, reducing SMS' overall EBITDA margin. The company was founded in 1986 and is headquartered in Melbourne, Australia. On 17 November 2015, SMS provided a trading update that indicated that EBITDA in the first half of FY16 was expected to be 15 to 20 percent lower than in the first half of FY15.

DWS Limited

DWS Limited (DWS) is an ASX listed IT services company with a market capitalisation of \$171 million at 25 November 2015. It offers IT consulting, IT outsourcing and software implementation and support. It provides a range of services around the Microsoft platform (although is not an ERP implementation partner). DWS has approximately 54 percent free float and share trading is relatively illiquid. Its share price increased by 89 percent from mid July 2015 to 14 December 2015. DWS acquired Phoenix IT&T Consulting Pty Ltd in August 2015 for \$14.3 million and Symplicit Pty Ltd in June 2015 for \$11.4 million and, therefore, its historical EBITDA multiple is high. The company was incorporated in 1991 and is headquartered in Melbourne, Australia.

Data#3 Limited

Data#3 Limited (Data#3) is listed an ASX listed IT services company on Australian Securities Exchange with a market capitalisation of \$169 million at 25 November 2015. It offers IT consulting, IT outsourcing and software implementation and support. It provides a range of services around the Microsoft platform (although is not an ERP implementation partner). It operates through two segments: a product segment (82 percent of FY15 revenue) and a service segment (19 percent of FY15 revenue). Data#3 offers a large proportion of low

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margin products, has a low EBITDA margin (2.0 percent). The company was founded in 1977 and is headquartered in Toowong, Australia.

Empired Limited

Empired Limited (Empired) is an ASX listed IT services company and had a market capitalisation of \$103 million at 25 November 2015. It provides IT consulting, IT outsourcing and software implementation and support to medium to large corporate and government organisations in Australia, New Zealand and North America. It is an implementation partner for Microsoft Dynamics. Applications and consulting services accounted for 73 percent of FY15 revenue and infrastructure services accounted for 27 percent. The company was founded in 1999 and is headquartered in Perth, Australia. Empired acquired Interger Limited for \$15.2 million in October 2014 and, therefore, the historical EBITDA multiple is high.

RXP Services Limited

RXP Services Limited (RXP) is an ASX listed IT services company with a market capitalisation of \$75 million at 25 November 2015. It offers IT consulting, IT outsourcing and software implementation and support. It provides a range of services around the Microsoft platform (although is not an ERP implementation partner). RXP was publicly listed in April 2011 and has made a number of scrip acquisitions that have diluted its share price. The company is based in Melbourne, Australia.

Description of comparable transactions

A brief description of the selected comparable transactions is provided below:

- On 21 May 2015, Daisy Intermediate Holdings Limited (Daisy) offered to acquire a 71.87 percent interest in Phoenix IT Group PLC (Phoenix) for £1.6 in cash per share, valuing Phoenix at approximately £182 million. The transaction occurred concurrently with a separate transaction, resulting in Daisy acquiring 100 percent of Phoenix. Phoenix, an IT infrastructure service provider in the United Kingdom, offers business continuity and IT disaster recovery, managed cloud and hosting, managed desktop, and software development and support services. Its partner segment accounts for approximately 45 percent of sales for the year ended 2015; managed services accounts for 31 percent; and business continuity accounts for 24 percent.
- On 24 March 2015, NCC Group plc entered into an agreement to acquire Accumuli plc (Accumuli) for £49 million. Accumuli provides IT infrastructure solutions and services in the United Kingdom and internationally. The company offers technology solutions, support and managed services, and professional services. Its support and managed services segment accounts for approximately 56 percent of sales for the year ended 2014; technology solutions segment accounts for 29 percent; and professional services segment accounts for 15 percent. The transaction occurred at a relatively high multiple (12 times forecast EBITDA) reflecting the value ascribed to its proprietary software and ability for NCC Group plc to cross sell its software and services to its client base.

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- On 8 December 2014, Apax VIII, L.P. fund of Apax Partners LLP offered to acquire EVRY ASA (EVRY) for an enterprise value of NOK 7.3 billion. EVRY provided IT services to public and private sector clients in Norway, Sweden, and internationally. It offered consulting services comprising business consulting, application management and infrastructure solutions (71 percent of 2014 sales) and financial services (29 percent of 2014 sales).
- On 28 November 2014, Rhype Limited agreed to acquire nSynergy OSC Holdings Pty Ltd (nSynergy) for AUD 25.7 million. nSynergy designed, built, and deployed business solutions based on SharePoint and Office 365 technologies for worldwide enterprises. It offered consulting services including implementation, design and development, and business solutions in the Microsoft suite.
- On 12 August 2014, Dimension Data Australia Pty Ltd. agreed to acquire Oakton Ltd. (Oakton) for AUD 169 million. Oakton provided consulting services in the IT industry in Australia and internationally. It offered accounting and assurance, application development and integration, information management strategy, and analytics and business intelligence services and had partnership arrangements with Microsoft, Dimension Data, Oracle and SAP. The transaction occurred at the bottom of the IT expenditure cycle in Australia. Brokers also expected earnings in FY15 to also be constrained, followed by strong growth in FY16. Therefore, the multiple is potentially higher than would occur at the other stages of the IT expenditure cycle.
- On 26 May 2014, Atos SE announced an agreement to acquire Bull Société Anonyme for €439 million. Bull Société Anonyme provided technology solutions in France and internationally and offered supercomputers and enterprise servers for digital simulation, critical applications, big data, and cloud computing. Its computing solutions segment accounted for approximately 60 percent of 2013 sales; business integration solutions accounted for 26 percent; innovative products accounted for 13 percent; and hardware and systems solutions accounted for 11 percent.
- On 8 April 2014, Sopra Group agreed to acquire all of the shares of Groupe Steria SCA (Steria) for €780 million. Steria provided IT enabled business services for private and public sector organizations worldwide. It offered consultancy, systems integration, application maintenance, IT infrastructure management and business process outsourcing services. Its consulting and integration of systems segment accounted for approximately 53 percent of 2013 sales, and business process outsourcing accounted for 47 percent.
- On 23 December 2013, Engility Holdings, Inc. announced the acquisition of Dynamics Research Corporation (Dynamics Research) for US\$203 million. Dynamics Research provided application development and sustainment, big data analytics, mobile computing, enterprise architecture, systems and software engineering and data engineering in the United States.
- On 20 February 2013, Danir AB offered to acquire the remaining 51 percent interest in Sigma AB not already owned for SEK 654 million. Sigma AB, an IT solutions provider in Sweden, offered services worldwide in the areas of application management, business

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systems, business intelligence, IT infrastructure, maintenance systems, and consultancy services. The IT and management segment accounted for approximately 77 percent of 2012 revenues and information logistics accounted for 26 percent.

- On 17 December 2012, New Zealand Superannuation Fund announced the acquisition of a 35 percent interest in Datacom Group Limited (Datacom). The transaction implied an enterprise value for Datacom of NZD 446 million. Datacom provided information technology and business process outsourcing services in New Zealand, Australia and Asia. It offered business applications development and integration, infrastructure outsourcing and managed services, IT consulting, IT procurement, unified communications and onsite services.
- On 31 May 2012, CGI Group Holdings Europe Limited offered to acquire Logica PLC (Logica) for £2.2 billion. Logica, a business and technology service company based in the United Kingdom, provided business consulting, applications management, infrastructure management and systems integration services to various companies in Europe and internationally.
- On 30 May 2012, Nec Australia Pty Ltd. agreed to acquire CSG Solutions Pty Ltd. and CSG Services Pty Ltd. for a total consideration of AUD 260 million. CSG Solutions Pty Ltd. offered information technology consulting, application development, business process solution management, and desktop and infrastructure management services. CSG Services Pty Ltd. offered desktop and server services and network management services. Both companies were based in Australia.
- On 16 August 2011, General Dynamics Information Technology, Inc. agreed to acquire Vangent, Inc. (Vangent) for US\$1.3 billion. Vangent provided information management and business process outsourcing services in the United States and internationally. It offered consulting services, business process analysis, application development, learning infrastructure development, and many other IT solutions. Its government group accounted for approximately 90 percent of 2010 sales; international group accounted for 7 percent; and human capital group accounted for 3 percent.
- On 1 April 2011, Providence Equity Partners LLC agreed to acquire SRA International Inc. (SRA) for US\$1.8 billion. SRA provided information technology and professional services to the United States federal government, including software and systems development, network infrastructure and cloud services and cybersecurity.

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Appendix 6 – Glossary

Abbreviation	Description
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires
ATO	Australian Taxation Office
CGT	Capital gains tax
Competing Transaction	Any proposed or possible transaction or arrangement which, if entered into or completed, would mean that a third party would: 1) directly or indirectly acquire or have a right to acquire an economic or beneficial interest in or control a substantial part of the business or assets of UXC; 2) directly or indirectly acquire voting rights of 20 percent or more of UXC; 3) acquire control of UXC; or 4) acquire or merge with UXC
Corporations Act or the Act	Corporations Act 2001 (Cth)
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
FY	Fiscal year
GST	Goods and services tax
Indicative Proposal	The indicative, non binding, conditional proposal from CSC to acquire 100 percent of the share capital in UXC for \$1.26 per UXC share, announced on 6 October 2015
IT	Information technology
KPMG Corporate Finance	A division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901
Revised Proposal	Revised proposal from CSC to acquire 100 percent of the share capital in UXC for \$1.22 per UXC share, announced on 25 November 2015
Scheme	The scheme of arrangement under Part 5.1 of the Corporations Act between UXC and the UXC shareholders as at the record date
Scheme Booklet	The UXC shareholder Scheme, explanatory statement, independent expert's report, notice of meetings and proxy form
Scheme Consideration	The consideration to be provided by CSC for each UXC share of \$1.22 cash
Scheme Implementation Deed	The agreement dated 25 November 2015 entered into between UXC and CSC which regulates the basis on which the Transaction will be implemented
US GAAP	United States Generally Accepted Accounting Practices
UXC Board	The board of directors of UXC
UXC	UXC Limited (ABN 65 067 682 928) including any of its Subsidiaries or Controlled Entities
VWAP	Volume weighted average price

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PART TWO – FINANCIAL SERVICES GUIDE

Dated 18 December 2015

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) and Adele Thomas as an authorised representative of KPMG Corporate Finance, authorised representative number 404180 and Sean Collins as an authorised representative of KPMG Corporate Finance, authorised representative number 404189 (**Authorised Representative**).

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representative are authorised to provide
- how KPMG Corporate Finance and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by UXC Limited (Client) to provide general financial product advice in the form of a Report to be included in the Notice of Meeting and Explanatory Statement (Document) prepared by the Client in

relation to the acquisition of UXC by CSC through a scheme of arrangement (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports.

These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance \$80,000 for preparing the Report. KPMG Corporate

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Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report. KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership. From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client and CSC for which professional fees are received. Over the past two years professional fees in the order of \$522,000 and \$330,000 have been received by KPMG Australia from the Client and CSC, respectively. None of those services have related to the transaction or alternatives to the transaction. No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please

telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint. Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399 Email: info@fos.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:

KPMG Corporate Finance

A division of KPMG Financial Advisory Services (Australia) Pty Ltd

10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7000

Facsimile: (02) 9335 7200

Adele Thomas
Sean Collins
C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7000

Facsimile: (02) 9335 7000



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Scheme of arrangement

UXC Limited

Scheme Shareholders

101 Collins Street Melbourne Vic 3000 Australia
GPO Box 128A Melbourne Vic 3001 Australia

T +61 3 9288 1234 F +61 3 9288 1567
herbertsmithfreehills.com DX 240 Melbourne



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

UXC	UXC Limited (ABN 65 067 682 928) of Level 19, 360 Collins Street, Melbourne, Victoria 3000 (UXC)
Scheme Shareholders	Each person who is registered as the holder of UXC Shares recorded in the UXC Share Register as at the Scheme Record Date (Scheme Shareholders)

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a weekday on which trading banks in Melbourne and New York are open for trading and the ASX and NYSE are open for trading.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).

Term	Meaning
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed to in writing by UXC and CSC.
CSCA	CSC Computer Sciences Australia Holdings Pty Ltd of 26 Talavera Road, Macquarie Park, New South Wales, 2113.
CSC	Computer Sciences Corporation of Fairview Park Drive, Falls Church, Virginia 22042
CSC Group	CSC and each of its Related Bodies Corporate and a reference to a "CSC Group Member" or "a member of the CSC Group" is to CSC or any of its Related Bodies Corporate.
Deed Poll	the deed poll substantially in the form of Attachment B to the Implementation Deed under which CSC and CSCA covenant in favour of the Scheme Shareholders to perform their obligations under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	has the meaning given in the Implementation Deed.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date as agreed in writing by UXC and CSC.

Annexure B – Scheme



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Term	Meaning
Implementation Deed	the scheme implementation deed dated 25 November 2015 between UXC and CSC relating to the implementation of this Scheme.
NYSE	the New York Stock Exchange.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a UXC Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between UXC and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by UXC and CSC.
Scheme Booklet	has the meaning given in the Implementation Deed.
Scheme Consideration	for each UXC Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$1.22 cash, subject to the terms of this Scheme.
Scheme Meeting	the meeting of the UXC Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	5.00pm (Melbourne time) on the fifth Business Day after the Effective Date.
Scheme Shareholder	a holder of UXC Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Shares	all UXC Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of CSCA as transferee, which may be a master transfer of all or part of the Scheme Shares.

Term	Meaning
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Share Register	the register of members of UXC maintained in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
UXC	UXC Limited (ABN 65 067 682 928).
UXC Registry	Link Market Services Limited ABN 54 083 214 537.
UXC Share	a fully paid ordinary share in the capital of UXC.
UXC Shareholder	a person who is recorded in the Share Register as the holder of one or more UXC Shares.

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);



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- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) the word 'includes' in any form is not a word of limitation;
- (j) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (k) a reference to any time is, unless otherwise indicated, a reference to that time in Melbourne, Australia;
- (l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (m) a reference to a party to a document includes that party's successors and permitted assignees;
- (n) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Preliminary matters

- (a) UXC is a public company limited by shares, incorporated in Australia, and has been admitted to the official list of the ASX.
- (b) As at the date of the Implementation Deed, there were on issue:
 - (1) 335,605,113 UXC Shares, which are quoted for trading on the ASX; and
 - (2) no more than 9,269,957 performance rights, which are not quoted for trading on any stock exchange.
- (c) CSC is a public company limited by shares incorporated in Nevada whose shares are listed on the NYSE.
- (d) CSCA is a company registered under the laws of Australia.
- (e) If this Scheme becomes Effective:
 - (1) CSC must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme; and
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to CSCA

and UXC will enter the name of CSCA in the Share Register in respect of the Scheme Shares.

- (f) UXC and CSC have agreed, subject to the terms and conditions set out in the Implementation Deed, to implement this Scheme.
- (g) CSC and CSCA have agreed, by executing the Deed Poll, to perform their obligations under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

- (a) This Scheme is conditional on:
 - (1) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
 - (2) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
 - (3) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and consented to in writing by CSC and UXC in accordance with clause 8.1;
 - (4) subject to clause 8.1, such other alterations or conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme having been satisfied or waived; and
 - (5) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date UXC and CSC agree in writing).
- (b) The satisfaction of the conditions precedent in clause 3.1(a) is a condition precedent to the operation of clause 4.

3.2 Certificate

- (a) UXC and CSC will provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not the conditions precedent in the Implementation Deed and this Scheme (other than the condition in the Implementation Deed relating to Court approval of this Scheme) have been satisfied or waived as at 8:00am on the Second Court Date.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.



3.3 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date or any later date CSC and UXC agree; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms, unless UXC and CSC otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

UXC must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme, or such later date as CSC and UXC agree.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to CSCA, without the need for any further act by any Scheme Shareholder (other than acts performed by UXC as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) UXC delivering to CSCA a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by UXC, to transfer all the Scheme Shares to CSCA; and
 - (2) CSCA duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to UXC for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), UXC must enter, or procure the entry of, the name of CSCA in the Share Register in respect of all the Scheme Shares transferred to CSCA in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) CSC must, and UXC must use its best endeavours to procure that CSC does, by no later than 5.00pm on the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders, in an Australian dollar denominated trust account operated by UXC as trustee for the Scheme Shareholders, and notified to CSC at least 3 Business Days prior to

Implementation Date (provided that any interest on the amounts deposited (less bank fees and other third party charges directly in connection with the account) will be credited to CSC's account).

- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), UXC must pay or procure the payment from the trust account referred to in clause 5.1(a) the Scheme Consideration to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the Share Register on the Scheme Record Date.
- (c) The obligations of UXC under clause 5.1(b) will be satisfied by UXC (in its absolute discretion):
 - (1) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the UXC Registry to receive dividend payments from UXC by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (2) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.1(c)(1), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (d) To the extent that, following satisfaction of UXC's obligations under clause 5.1(b), there is a surplus in the amount held by UXC as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus shall be paid by UXC to CSC.

5.2 Joint holders

In the case of joint holders of Scheme Shares:

- (a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of UXC, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of UXC, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Unclaimed monies

- (a) UXC may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to UXC; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to UXC (or the UXC Registry),



UXC must reissue a cheque that was previously cancelled under this clause 5.3.

- (c) The *Unclaimed Money Act 2008* (VIC) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (VIC)).

5.4 Orders of a court or Government Agency

- (a) UXC may deduct and withhold from any consideration which would otherwise be payable to a Scheme Shareholder by UXC in accordance with this clause 5, any amount which UXC determines is required to be deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing agency.
- (c) If written notice is given to UXC (or the UXC Registry) of an order, direction or notice made by a court of competent jurisdiction or by another Government Agency that:
 - (1) requires that any consideration which would otherwise be payable to a Scheme Shareholder by UXC in accordance with this clause 5 must instead be paid or provided to a Government Agency or other third party, then UXC shall be entitled to pay or provide that consideration in accordance with that order, direction or notice (and payment or provision of that consideration in accordance with that order, direction or notice will be treated for all purposes under this Scheme as having been paid or provided to that Scheme Shareholder); or
 - (2) prevents UXC from providing consideration to any particular Scheme Shareholder in accordance with clause 5, or the payment of such consideration is otherwise prohibited by applicable law, UXC shall be entitled to retain that consideration until such time as provision of the consideration in accordance with this clause 5 is permitted by that order, direction or notice or otherwise by law.

6 Dealings in UXC Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in UXC Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant UXC Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and UXC must not accept for registration, nor recognise for any purpose (except a transfer to CSCA pursuant to this Scheme and any subsequent transfer by CSCA or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) UXC must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires UXC to register a transfer that would result in a UXC Shareholder holding a parcel of UXC Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and CSC shall be entitled to disregard any such disposal.
- (c) If this Scheme becomes Effective, other than pursuant to this Scheme, UXC will not accept for registration or recognise for any purpose any transmission application or transfer in respect of UXC Shares received on or after the Scheme Record Date.
- (d) For the purpose of determining entitlements to the Scheme Consideration, UXC must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (e) All statements of holding for UXC Shares (other than statements of holding in favour of CSCA) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the UXC Share Register (other than entries on the Share Register in respect of CSCA) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of UXC Shares relating to that entry.
- (f) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, UXC will ensure that details of the names, Registered Addresses and holdings of UXC Shares for each Scheme Shareholder as shown in the Share Register are available to CSC in the form CSC reasonably requires.

7 Quotation of UXC Shares

- (a) UXC must apply to ASX to suspend trading on the ASX in UXC Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by CSC, UXC must apply:
 - (1) for termination of the official quotation of UXC Shares on the ASX; and



- (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) UXC may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which CSC has consented in writing. For the avoidance of doubt, UXC must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of CSC or CSC's counsel if such request is made at a Court hearing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for UXC has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their UXC Shares together with all rights and entitlements attaching to those UXC Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their UXC Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of CSC, destroy any share certificates relating to their UXC Shares; and
 - (4) acknowledges that this Scheme binds UXC and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to UXC, CSC and CSCA, and appointed and authorised UXC as its attorney and agent to warrant to CSC and CSCA, that all their UXC Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their UXC Shares to CSCA together with any rights and entitlements attaching to those shares. UXC undertakes that it will provide such warranty to CSC and CSCA as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to CSCA will, at the time of transfer of them to CSCA, vest in CSCA free from all

mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, CSCA will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by UXC of CSCA in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until UXC registers CSCA as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed CSCA as attorney and agent (and directed CSCA in each such capacity) to appoint any director, officer, secretary or agent nominated by CSCA as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as CSCA reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), CSCA and any director, officer, secretary or agent nominated by CSCA under clause 8.4(a) may act in the best interests of CSCA as the intended registered holder of the Scheme Shares.

8.5 Authority given to UXC

Each Scheme Shareholder, without the need for any further act, from the Effective Date:

- (a) irrevocably appoints UXC and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against CSC and CSCA, and UXC undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against CSC and CSCA on behalf of and as agent and attorney for each Scheme Shareholder;
- (b) will be deemed to have authorised UXC, and each of its directors, officers and secretaries, to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement this Scheme, including (without limitation) executing, as agent and attorney of each Scheme Shareholder, the Scheme Transfer in relation to the Scheme Shares as contemplated by clause 8.5(c); and
- (c) irrevocably appoints UXC and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,



and UXC accepts each such appointment. UXC as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds UXC and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of UXC.

9 General

9.1 Stamp duty

CSC will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to UXC and CSC doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, UXC or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to UXC, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at UXC's registered office or at the office of the UXC Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a UXC Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in Victoria, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



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9.5 Further action

UXC and each Scheme Shareholder must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither UXC, CSC nor any director, officer, secretary or employee of UXC or CSC, shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Annexure C – Deed Poll



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EXECUTION VERSION

Deed Poll

Computer Sciences Corporation

CSC Computer Sciences Australia Holdings Pty Ltd

101 Collins Street Melbourne Vic 3000 Australia
GPO Box 128A Melbourne Vic 3001 Australia

T +61 3 9288 1234 F +61 3 9288 1567
herbertsmithfreehills.com DX 240 Melbourne

Deed Poll

Date ► 25 November 2015

This deed poll is made

By **Computer Sciences Corporation**
of Fairview Park Drive, Falls Church, Virginia 22042
(CSC)

CSC Computer Sciences Australia Holdings Pty Ltd
of 26 Talavera Road, Macquarie Park, New South Wales, 2113
(CSCA)

in favour of each person registered as a holder of fully paid ordinary shares in
UXC Limited (**UXC**) in the UXC Share Register as at the Scheme
Record Date.

Recitals

- 1 UXC and CSC entered into the Implementation Deed.
- 2 In the Implementation Deed, CSC agreed to enter into this deed
poll and that CSCA would enter into this deed poll.
- 3 CSC and CSCA are entering into this deed poll for the purpose of
covenanting in favour of the Scheme Shareholders to perform
their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard or, if the

Annexure C – Deed Poll



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Term	Meaning
	application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between UXC and CSC dated 25 November 2015.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between UXC and the Scheme Shareholders, the form of which is annexed to this deed poll, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by CSC, CSCA and UXC.
(b)	Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 1.2 and 1.3 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

CSC and CSCA acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, from the Effective Date, each Scheme Shareholder irrevocably appoints UXC and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against CSC.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of CSC and CSCA under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of CSC and CSCA under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless CSC, CSCA and UXC otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) CSC and CSCA are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains the rights they have against CSC and CSCA in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme Consideration

Subject to clause 2, CSC and CSCA undertake in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than 5.00pm on the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by UXC as trustee for the Scheme Shareholders and notified to CSC at least 3 Business Days prior to the Implementation Date, except that any interest on the amounts deposited (less bank fees and other third party charges directly in connection with the account) will be credited to CSC's account; and
- (b) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

4 Warranties

CSC and CSCA represent and warrant in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of Nevada (in the case of CSC) and Australia (in the case of CSCA);
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

Annexure C – Deed Poll



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5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) CSC and CSCA has fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice under this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to CSC and CSCA in accordance with the details set out below (or any alternative details nominated by CSC or CSCA by Notice).

Party	Address	Addressee	Email
UXC	Level 19 Collins Street Melbourne, Victoria, 3000	Iona MacPherson	Iona.MacPherson@uxc.com.au
CSC	3170 Fairview Park Drive Falls Church, Virginia, 22042 United States of America	Tammy Brandt, Chief M&A and Alliance Counsel	tbrandt4@csc.com
Copy to:	Allens Deutsche Bank Place 126 Phillip Street, Sydney, New South Wales, 2000	Vijay Cugati, Partner	Vijay.Cugati@allens.com.au
CSCA	c/- CSC 3170 Fairview Park Drive Falls Church, Virginia, 22042 United States of America	Tammy Brandt, Chief M&A and Alliance Counsel	tbrandt4@csc.com
Copy to:	Allens Deutsche Bank Place 126 Phillip Street, Sydney, New South Wales, 2000	Vijay Cugati, Partner	Vijay.Cugati@allens.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By email to the nominated email address	When a delivery confirmation report is received by the sender which records the time that the email was delivered to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee)

7 General

7.1 Stamp duty

CSC:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Victoria, Australia.
- (b) CSC and CSCA irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. CSC and CSCA irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) CSC and CSCA may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) The meanings of the terms used in this clause 7.3 are set out below.

Annexure C – Deed Poll



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Term	Meaning
conduct	includes failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless the variation is agreed to by CSC and CSCA and:

- (a) if before the First Court Date, the variation is agreed to by UXC; or
- (b) if on or after the First Court Date, the variation is agreed to by UXC and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event CSC and CSCA will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of CSC and CSCA and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to CSC and CSCA and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of CSC and CSCA.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

CSC and CSCA must, at their own expense, do all things and execute all documents necessary to give effect to this deed poll and the transactions contemplated by it.



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Signing page

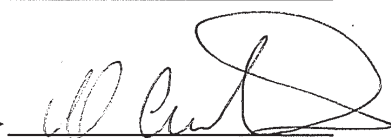
Executed and delivered as a deed poll

Signed for
Computer Sciences Corporation
by

sign here ► Signature of authorised signatory
William L. Deckelman
print name William L. Deckelman, Jr., Executive
Vice President, General Counsel and
Secretary

Executed by
CSC Computer Sciences Australia Holdings Pty Ltd
in accordance with section 127 of the
Corporations Act 2001 (Cth)
by

sign here ► 
Director/ Secretary
print name **NAGASEELAN NAGANAYAGAM**

sign here ► 
Director
print name Wayne Andrews

Annexure D – Notice of Meeting

UXC Limited ABN 65 067 682 928

Notice of meeting

Notice is hereby given, that by an order of the Supreme Court of Victoria pursuant to section 411(1) of the Corporations Act 2001 (Cth), a meeting of shareholders of UXC Limited (UXC) will be held at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia on Monday, 8 February 2016 (AEDT).

Business of meeting

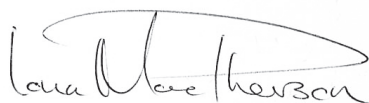
The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a Scheme of Arrangement (with or without modification) to be made between UXC and UXC ordinary shareholders.

Resolution

The Scheme Meeting will be asked to consider, and, if thought fit, to pass the following resolution:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement (the terms of which are described in the Scheme Booklet of which the notice convening this meeting forms part) is agreed to (with or without modification as approved by the Supreme Court of Victoria)."

By order of the Board of UXC Limited.



Iona MacPherson
Company Secretary
Dated 21 December 2015

Explanatory notes

Material accompanying this notice

This notice of meeting and the Scheme Resolution should be read in conjunction with the booklet of which this notice forms part (**Scheme Booklet**). Terms used in this notice, unless otherwise defined, have the same meaning as set out in the Glossary in section 9 of the Scheme Booklet.

A Proxy Form also accompanies this notice.

Voting

The UXC Directors unanimously recommend that you vote in favour of the Scheme Resolution. They each intend to vote all UXC Shares held by them in favour of the Scheme Resolution.

Quorum

A quorum for a meeting of UXC Shareholders is 5 or more members present in person or by proxy and entitled to vote at the meeting (in person, by attorney, proxy or representative).

Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme of Arrangement to be approved by UXC Shareholders, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number of holders of ordinary shares present and voting (either in person or by proxy); and
- at least 75% of the votes cast on the resolution.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme of Arrangement must be approved by the order of the Court. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above

and the conditions set out in the Scheme of Arrangement are satisfied or waived (where capable of waiver), UXC will apply to the Court for the necessary orders to give effect to the Scheme of Arrangement.

Determination of entitlement to attend and vote

For the purposes of the Scheme Meeting, the UXC Company Secretary (operating under authority granted by the UXC Board) has determined that UXC Shares will be taken to be held by the persons who are registered as members at 10.00am (AEDT) on Saturday, 6 February 2016. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

How to vote

If you are a UXC Shareholder entitled to attend and vote at the Scheme Meeting, you may vote by:

- attending the Scheme Meeting in person;
- appointing a proxy to attend on your behalf;
- appointing an attorney to vote on your behalf; or
- in the case of a corporation which is a UXC Shareholder, by appointing an authorised corporate representative to attend on its behalf.

Voting at the Scheme Meeting will occur by poll

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the UXC Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held UXC Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at Level 19, 360 Collins Street, Melbourne Victoria 3000, Australia on Monday, 8 February 2016 (AEDT). The meeting will commence at 10.00am.

A UXC Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the Scheme Meeting of their name and address.

Voting by proxy

A UXC Shareholder entitled to attend and vote at the meeting is also entitled to appoint a proxy to vote on their behalf. The Proxy Form is enclosed with this Scheme Booklet. You may appoint not more than 2 proxies to attend and act for you at the Scheme Meeting. A proxy need not be a UXC Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a Proxy Form will not preclude a UXC Shareholder from attending in person and voting at the Scheme Meeting if the UXC Shareholder is entitled to attend and vote.

For the appointment of a proxy to be effective, the Proxy Form enclosed with this Notice of Meeting, together with any authority under which the Proxy Form was executed, or a certified copy of that authority, must be completed and:

- lodged online at www.linkmarketservices.com.au (see below);
- deposited at the UXC Registry, UXC Limited, C/- Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138;
- sent by post to Link Market Services Limited to UXC Limited, C/- Link Market, Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- sent by facsimile to the UXC Registry on +61 2 9287 0309.

Please note that Proxy Forms must be received by the UXC Registry by no later than 10.00am (AEDT) on Saturday, 6 February 2016.

UXC Shareholders wishing to lodge electronic proxies online may do so by accessing the Investor Vote system on the UXC Registry's website at www.linkmarketservices.com.au and then inputting the shareholder's secure access information to commence voting. Shareholders must lodge electronic proxies online no later than 10.00am (AEDT) on Saturday, 6 February 2016.

Voting by attorney

For the appointment of an attorney to be effective, the instrument appointing the attorney and the power of attorney under which it was executed, or a certified copy of that power, must be deposited in the manner and within the time period set out above.

An attorney will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry of the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a UXC Shareholder from attending in person and voting at the Scheme Meeting if the UXC Shareholder is entitled to attend and vote.

Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or by attorney), a corporation that is a UXC Shareholder must appoint a person (either by name or position and whether a UXC Shareholder or not) to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

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Corporate Directory

UXC Limited

Level 19, 360 Collins Street
Melbourne, Victoria 3000
Australia
Telephone: +61 3 9224 5777

Financial Adviser

Nomura Australia Limited
Level 25, Governor Phillip Tower
1 Farrer Place
Sydney, New South Wales 2000
Australia
Telephone: +61 2 8062 8000

Legal Adviser

Herbert Smith Freehills
Level 42, 101 Collins Street
Melbourne, Victoria 3000
Australia
Telephone: +61 3 9288 1234
Fax: +61 3 9288 1567

Share Registry

Link Market Services Limited
Level 1
333 Collins Street
Melbourne VIC 3000
Telephone: 1300 554 474
Fax: +61 3 9288 1567

Shareholder Information Line

1800 645 237 (within Australia)
+61 1800 645 237 (outside Australia)

For personal use only






UXC Limited
ABN 65 067 682 928


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
UXC Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of UXC Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **10:00am on Monday, 8 February 2016 at UXC Limited, Level 19/360 Collins Street, Melbourne, VIC 3000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution

- 1** That, pursuant to and in accordance with section 411 of the *Corporations Act 2001*, the Scheme of Arrangement (the terms of which are described in the Scheme Booklet of which the notice convening this Meeting forms part) is agreed to (with or without modification as approved by the Supreme Court of Victoria).

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

UXC PRX601N

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON THE RESOLUTION – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Saturday, 6 February 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) or Employee ID as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

UXC Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE SCHEME MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**