



MONDI FINANCE PLC

(incorporated with limited liability in England and Wales)

€1,500,000,000

Guaranteed Euro Medium Term Note Programme

guaranteed by

MONDI PLC

(incorporated with limited liability in England and Wales)

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the "Programme"), Mond Finance plc (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes (the "Notes"). The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Mond Finance plc (the "Guarantee" and the "Guarantor", respectively). The aggregate nominal amount of Notes outstanding will not at any time exceed €1,500,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") (the "UK Listing Authority") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Series (as defined in "Overview of the Programme – Method of Issue") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates"). If a Global Certificate is held under the New Safekeeping Structure (the "NSS") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates which are held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depositary").

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated Baa3 by Moody's Deutschland GmbH ("Moody's") and BBB- by Standard & Poor's Credit Market Services Europe Limited, a division of The McGraw-Hill Companies Inc. ("S&P"). Each of Moody's and S&P is established in the European Union and is registered under Regulation (EC) No.1060/2009 on credit rating agencies (the "CRA Regulation"). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Tranches of Notes (as defined in "Overview of the Programme") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued under the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Arranger for the Programme

BARCLAYS

Dealers

**BARCLAYS
CITIGROUP**

**BNP PARIBAS
THE ROYAL BANK OF SCOTLAND**

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and for the purpose of giving information with regard to the Issuer, the Guarantor and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor.

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Mondi Limited accepts responsibility for the information contained in this Prospectus with respect to itself and the Deed Poll Guarantee (as described in "Description of the Group – DLC Structure"). To the best of the knowledge of Mondi Limited (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus with respect to itself and the Deed Poll Guarantee is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Trustee or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Subject as provided in the relevant Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms as the relevant Dealer or the Managers, as the case may be.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor, the Trustee, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States, and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers, the Trustee or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger, the Trustee or a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger, the Trustee or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. None of the Dealers, the Trustee or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Trustee or the Arranger.

In connection with the issue of any Tranche (as defined in "Overview of the Programme – Method of Issue"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Notes are being offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Prospectus see “Subscription and Sale”.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “EUR” and euros are to the single currency of those Member States of the European Union participating in the third stage of European economic and monetary union from time to time, to “U.S.\$” and “U.S. dollars” are to the currency of the United States of America, and to “£”, “GBP” and “Pounds Sterling” are to the currency of the United Kingdom, and to “ZAR” and “Rand” are to the currency of the Republic of South Africa.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with (i) the audited consolidated financial statements of the Guarantor, Mondi Limited and their subsidiaries (together, the “Group” or “Mondi”) for the financial years ended 31 December 2010 and 31 December 2011, respectively, together in each case with the audit report thereon, (ii) the audited non-consolidated financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011, respectively, together in each case with the audit report thereon, and (iii) the terms and conditions set out on pages 25 to 53 of the prospectus dated 25 March 2010 relating to the Programme and the terms and conditions set out on pages 26 to 54 of the prospectus dated 15 April 2011 relating to the Programme which have each been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Guarantor and the website of the Guarantor at www.mondigroup.com.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that, unless the Issuer has notified the Dealers that it does not intend to issue Notes under the Programme for the time being, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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RISK FACTORS

The Issuer, the Guarantor and Mondi Limited believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme or the ability of Mondi Limited to fulfil its obligations under the Deed Poll Guarantee described in "Description of the Group-DLC Structure". All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor nor Mondi Limited are in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under or in connection with Notes issued under the Programme

The Issuer is a finance vehicle

The Issuer's primary business is the raising of money for the purpose of on-lending to other members of the Group. Accordingly, substantially all of the Issuer's assets are loans and advances made to other members of the Group and the ability of the Issuer to satisfy its obligations in respect of the Notes will depend upon payments made to it by other members of the Group in respect of loans and advances made by the Issuer.

Product prices and raw material costs in the paper and packaging industry are subject to significant fluctuations

Prices for Mondi's products are affected by overall changes in capacity and production and by demand for paper and packaging products which is in turn influenced by general economic conditions and inventory levels maintained by its customers. Changes in these factors have, in the past, resulted in significant fluctuations in the prices for Mondi's products and can be expected to have a similar effect in the future. Changes in price differ between products and geographic regions and the timing and magnitude of such changes have varied significantly over time and are unpredictable. There can be no assurance that prices for Mondi's products will increase or even remain at present levels. Any deterioration in prices, or an increase in raw material costs without a corresponding increase in the price Mondi is able to realise, could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

In particular, the creation of additional production capacity either by Mondi or its competitors building new mills or plants or expanding existing mills or plants could have a disruptive influence in the market as additional capacity can lead to excess supply. This is a particular risk in the paper markets in which Mondi operates, where the incremental capacity of a single new facility can be significant relative to the size of the market it serves. The impact on product prices brought about by additional capacity could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

A period of high raw materials, energy or consumables costs could negatively affect Mondi's profitability

Raw materials, energy and consumables used by Mondi include significant amounts of wood, pulp, recovered fibre, packaging papers and chemicals. Over the last three years, raw materials, energy and consumables accounted for approximately 60 per cent. of Mondi's total operating costs. The prices for many of these raw materials generally fluctuate in correlation with global commodity cycles. There can be no assurance that Mondi will be able to secure all of its future resource requirements at acceptable prices or that Mondi's margins for some or all of its products will not decline due to an inability to pass on the full impact of increased costs associated with resource inputs. An increase in the cost of raw materials, in particular wood, pulp or recovered fibre or, for the purposes of converting operations, packaging paper, to the extent not reflected in the prices for Mondi's products, could have a material adverse effect on Mondi's business, financial condition and/or results of operations. Furthermore, wood prices and availability may be adversely affected in some of the countries where Mondi is active due to reduced quantities of available wood supply or initiatives to promote increased use of wood as a renewable energy source. Any difficulties in procuring wood or sustained increase in wood prices could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi is a significant consumer of electricity and it both purchases electricity from external suppliers and generates it internally. To the extent that Mondi generates its own electricity other than from biomass and other by-products of the pulp and paper production process, it is dependent on outside suppliers for raw materials such as gas, oil and coal used in the production of electricity. Consequently, increases in the prices of electricity and/or the raw materials used in the production of internally generated electricity could have a material adverse effect on Mondi's business, financial condition and/or results of operations. There can be no assurance that Mondi will be able to secure all of its future energy requirements at price levels that are comparable to those that have prevailed in the past or that Mondi's margins for some or all of its products will not decline due to an inability to pass on the full impact of costs associated with resource inputs.

To the extent that Mondi relies on purchasing electricity from external suppliers, it may not be able to purchase a sufficient supply to meet its operational requirements. In particular, South Africa has faced shortages of electricity and increases in electricity prices well in excess of CPI are forecast. As a result, Mondi may suffer significant price increases and/or interruptions to the operations of its mills, which could have a material adverse effect on its business, financial condition and/or results of operations.

Adverse economic and credit market conditions may have a material adverse effect on Mondi's ability to raise future debt or equity

Mondi's ability to raise debt and/or equity financing in the medium and longer term will be significantly influenced by, among other things, general economic conditions, developments in the credit markets, volatility in the equity markets, investors' desire to maintain cash and to assume additional levels of risk and its credit rating. There can be no assurance that Mondi will be able to raise debt and/or equity finance on attractive terms, or at all, and it may need to seek additional financing from alternative sources, which could be on unfavourable terms or at a higher cost than it currently pays. If this were to occur, it could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Moreover, incurrence of additional debt financing would increase Mondi's interest expense and reduce cash available for other purposes and could involve restrictive covenants that could have a negative impact on its ability to operate its business in the desired manner. A failure to obtain funds could prevent Mondi from realising its strategy and could, in turn, have a negative impact on Mondi's competitive position and a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi's businesses are subject to inherent risks arising from general and sector-specific economic conditions as a result of the global financial crisis and eurozone debt crisis

Concerns about credit risk (including that of sovereigns) and the eurozone crisis have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries and the US have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, customers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Issuer operates and the businesses and economic condition and prospects of the Issuer's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which it is difficult to predict.

The impact of these conditions could have a material adverse effect upon Mondi's business, financial condition and/or results of operations.

Prospective investors should ensure that they have sufficient knowledge and awareness of the eurozone crisis, global financial crisis and the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes. In particular, prospective investors should take into account the considerable uncertainty as to how the eurozone crisis, the global financial crisis and the wider economic situation will develop over time.

Exchange rate and/or interest rate fluctuations may have a material adverse effect on Mondi's financial results

As a result of the global nature of Mondi's business, changes in foreign currency rates could have an adverse impact upon its business, financial condition and/or operating results. Currency fluctuations affect Mondi because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received. Key operating cost currencies that are not fully offset by local currency denominated revenues include the South African rand, Polish zloty, Swedish krona and Czech koruna, while the revenues generated in U.S. dollar, Russian rouble and UK pound sterling are greater than operating costs incurred in those currencies.

Mondi's reported earnings may also be affected by fluctuations between the euro, which is its reporting currency, and the non-euro currencies (for example, the Turkish lira and Russian rouble) in which many of its various subsidiaries report their results of operations. In addition, appreciation of the euro compared with the currencies of the other key paper producing regions or paper pricing currencies, notably the U.S. dollar, would reduce the competitiveness of the products Mondi produces in Europe compared to imports from such key paper producing regions which could potentially lead to lower revenues and earnings.

In addition, Mondi primarily funds its businesses in their local currencies to minimise currency translation risk. This exposes Mondi to interest rate risks associated with these currencies, the principal ones being the euro, Czech koruna, South African rand, Russian rouble and Polish zloty. Mondi aims to manage this interest rate risk through interest rate swaps and borrowing at fixed interest rates. However, it is not Mondi's policy to hedge all of its interest rate exposure.

As a result, a change in exchange rates or interest rates could have a material adverse effect upon Mondi's business, financial condition and/or results of operations.

Mondi's operations and the value of its investments in certain countries may be adversely affected by political, economic and legal developments in these countries

Mondi has manufacturing operations in a number of countries where the political, economic and legal systems are less predictable than in countries with more developed institutional structures.

Political or economic upheaval, inflation, changes in laws, nationalisation or expropriation of privately-held assets and other factors may have a material adverse effect on Mondi's operations in these countries and, in turn, the amount of income received from, and the value of, the investments Mondi has made in relation to its operations in such countries.

A further risk of operating in emerging market countries arises from the establishment or enforcement of foreign exchange restrictions, which could effectively prevent Mondi from receiving profits from, or selling its investments in, these countries. Other than South Africa, which has exchange controls that regulate the movement of currency in and out of the country, none of the countries in which Mondi's operations are located currently has foreign exchange controls that have a significant effect on Mondi. However, various of these countries have imposed foreign exchange controls in the past, and no assurance can be given that these countries will not reinstate these controls in the future.

Significant assets of Mondi in certain countries, including Russia, Poland, Slovakia and the Czech Republic, were previously owned by state-owned entities and have been acquired after a privatisation procedure. Privatisations may be vulnerable to challenge, particularly to the extent that privatisation legislation is vague, inconsistent or in conflict with other legislation. No assurance can be given that any relevant privatisation procedure has been properly conducted, and therefore claims may be raised in the future concerning such privatisation procedures to the extent that applicable statutes of limitation have not expired. To the extent that Mondi is not successful in defeating any such claim, Mondi risks losing its ownership interest in the relevant assets, which could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Changes in consumer preferences and Mondi's failure to develop new products to meet changing consumer demand could adversely affect demand for Mondi's products

Changes in consumer preferences affect the demand for paper and packaging products in general, and demand for specific grades of paper and packaging products in particular. Some of the most significant changes in consumer preferences relating to paper usage have included interest in environmentally-friendly products and use of e-mail, electronic media and tablet computers.

In addition, customers may substitute products not currently produced by Mondi for products that Mondi produces including, for example, shifting from Mondi's paper-based packaging products to plastic-based packaging products or other paper-based products.

Mondi's ability to meet shifts in consumer demand will depend upon its ability to correctly anticipate changes in consumer preferences and its ability to develop and produce new products on a competitive and cost-effective basis. There can be no assurances that Mondi will be able to meet changes in consumer preferences in the future, and the failure to do so could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi is exposed to the risk of default by its customers and suppliers

Mondi has entered into a number of financial and other agreements with customers, suppliers and other counterparties. Mondi is exposed to the risk of default by customers who have agreed to purchase products from Mondi, suppliers who have agreed to supply goods or services to Mondi and others with whom Mondi has entered into financial and other arrangements. Mondi's customers and suppliers may be adversely affected by economic conditions, disruptions to the capital and credit markets and decreased demand for their products and services. Mondi's exposure to default by counterparties may increase if economic conditions deteriorate. If any of Mondi's key customers or suppliers, or a significant number of smaller customers and suppliers, are further adversely affected by these risks, Mondi may face further reductions in demand for its products, failure of customers to pay invoices when due and disruptions in supply or distribution channels which may have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi operates in a highly competitive environment

The markets for paper and packaging products are highly competitive with many participants. Competition in the markets in which Mondi operates is based principally on some or all of the following factors, depending on the product and market involved: price, quality, product specifications, location, overall product performance and service. Mondi principally competes with several large multinational paper and packaging manufacturers. Mondi also competes with numerous regional and/or specialised manufacturers in the markets for most of its products. Some of these competitors may have greater market presence, governmental support and/or financial and other resources than Mondi, allowing them to make investments in manufacturing facilities and/or product development at levels that Mondi may not be able to match. If Mondi fails to ensure its costs are lower than its competitors it may lose competitive advantage. Any failure by Mondi to compete successfully with other producers of paper or packaging products could result in a reduction in its market share and profitability and have a material adverse effect on Mondi's business, financial condition and/or results of operations.

In addition to competition from other manufacturers of paper packaging products, Mondi also faces competition from producers of alternative packaging materials, such as plastic, glass and metal. If the increasing use of such alternative materials for certain applications results in a corresponding decrease in demand for paper packaging products, or if Mondi is unable to compete successfully with producers of these competitive products, it could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Significant interruption to the operations of any of Mondi's major mills could have an adverse impact on Mondi's financial results

Mondi has six major mills which together accounted for approximately 69 per cent. of the total pulp and paper production capacity of Mondi at 31 December 2011. These are the Štětí mill in the Czech Republic, the Świecie mill in Poland, the Syktyvkar mill in Russia, the Ružomberok mill in Slovakia and the Merebank and Richards Bay mills in South Africa. If operations at any of these key mills were interrupted for any significant length of time for any reason, including planned or unplanned maintenance, or work stoppages due to labour disputes, it could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Capital investment in projects may require substantial funds and carry risks which might adversely affect Mondi's business

Mondi's business is capital intensive and therefore requires ongoing capital investment to expand or upgrade existing facilities and to develop new facilities. Projects that require significant capital expenditure carry risks that include, but are not limited to, failure to complete a project within the prescribed project timetable and/or within budget; failure of the project to perform according to prescribed operating specifications following its completion and significant, unforeseen changes in input costs or inability to sell the envisaged volumes or achieve envisaged price levels. Due to the significant amount of capital required and the long lead time between planning and completion of these projects, project failure could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi may face high costs for compliance with environmental laws and regulations and/or in respect of remediation of contamination, which could reduce profit margins and earnings

Mondi's operations generate hazardous and non-hazardous waste and emissions to the air and water. These wastes and emissions are regulated under various environmental laws and regulations in the jurisdictions in which Mondi operates or where the relevant waste or emission occurs. Permits are required for many of Mondi's operations and these permits may be subject to modification, renewal or revocation by the regulatory authorities. Other applicable environmental laws relate to, among other things, forestry management and the use of recycled material. There can be no assurance that

Mondi will not incur significant environmental costs and liabilities in the future or that the adoption of increasingly strict environmental laws, regulations and enforcement policies will not result in substantially increased costs and liabilities in the future and/or require changes in Mondi's business. A failure to comply with existing laws or permits or future laws, once implemented, could give rise to civil or criminal penalties, including fines and a requirement to cease the non-compliant operations. Mondi may also incur material expense in respect of future remediation obligations arising from ground or water contamination which occurs during current operations, after such operations have ceased or as a result of past operations. Higher regulatory, environmental and similar costs could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi may face adverse changes in legislation

Mondi is subject to a wide range of laws and regulations in all the jurisdictions in which it operates, including international, national, state and local laws and regulations. These include laws and regulations relating to environmental protection, including the management of natural resources and use of hazardous substances, greenhouse gas emissions, exports, price controls, repatriation of capital and exchange controls, taxation, labour standards and occupational health and safety. These requirements are complex, frequently changing and have tended to become more stringent over time. For example, tax laws and tax rates around the world are constantly changing and Mondi is exposed to the risk of changes in tax legislation, and its interpretation and increases in the rate of corporate and other taxes in the jurisdictions in which Mondi operates. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations or changes to existing laws and regulations (including the imposition of higher taxes) could require Mondi to incur additional expenses or capital expenditures or result in restrictions on or suspensions of Mondi's operations. Any such cost increases could have a material adverse effect on Mondi's business, financial condition and/or results of operations. In particular, a number of the markets in which Mondi competes as a local supplier impose tariffs on imports. Reduction of such tariffs could affect the competitiveness of Mondi's products in these markets.

Mondi is subject to land claims in South Africa

In South Africa, the Restitution of Land Rights Act 1994 provides remedies for persons who were dispossessed of rights in land as a result of past racially discriminatory laws or practices. The Land Claims Court is empowered to make orders requiring the restoration of land (or any portion thereof) or the payment of compensation (including to the landowner), compelling the state to include a claimant as a beneficiary in the state support programme for housing or granting the claimant an appropriate right in alternatively designated state land or any alternative or appropriate relief. Mondi is aware that a number of land claims have been lodged in relation to its owned and leased South African properties. Following the settlement of various of these claims, Mondi estimates that approximately a further 45 per cent. of its land holdings in South Africa remain subject to land claims. Despite Mondi having recently successfully settled land claims that it anticipates will provide a framework for settling future land claims, Mondi can give no assurance that these land claims, or any other land claims of which it is not aware, will not have an adverse effect on Mondi's rights to the properties that are subject to the land claims. Adverse land claim rulings could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi may not be able to attract or retain high quality management resources

Mondi's continued success is dependent on the experience, skills and knowledge of its executive directors, senior management and key employees who provide expertise crucial to Mondi's business and the implementation of Mondi's strategy. Residence requirements may restrict the size of the pool of talent which can be drawn on due to mobility constraints, and this may limit Mondi's ability to recruit and retain executive directors, senior management and key personnel with the necessary expertise and experience to lead an international listed group. The failure of Mondi to recruit and

retain executive directors, senior management and key personnel may cause a significant disruption to Mondi's business, including its ability to implement Mondi's strategy, which could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Relocation of Mondi's packaging customers to lower-cost production regions where Mondi does not have operations in close proximity could negatively affect Mondi's profitability

The manufacturing industry is an important customer segment for Mondi's packaging products. In recent years there has been a trend towards moving manufacturing into emerging markets with lower production costs, such as Emerging Europe¹, Russia and Asia. There can be no assurance that Mondi will be able to adjust its operations to keep pace with such changes. As Mondi's customers relocate, Mondi may face additional competition from regional participants located in its customers' new geographic markets. This may affect the selling prices of Mondi's products or may result in Mondi losing customers to competitors. Should any of these risks materialise it could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi may be adversely affected by increasing costs in maintaining its required level of workforce

Mondi's workforce constitutes a significant proportion of its cost base. In addition, Mondi operates in certain jurisdictions where wages are typically significantly below levels in more mature markets. As the economies of such emerging markets develop, it is possible that there will be above inflationary pressures on wages. Any inflationary pressures, as well as changes in applicable laws and regulations or other factors resulting in increased labour costs could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Failure to maintain good employee relations may affect Mondi's operations and the success of its business

Whilst Mondi believes that relations with its employees and work councils are currently satisfactory, there can be no assurance that future developments in relation to Mondi's businesses could not affect such relationships. A sustained labour dispute leading to a substantial interruption to the overall business of Mondi could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Failure to integrate successfully and manage acquired operations may adversely affect Mondi's business

To the extent that Mondi seeks further growth through acquisitions of, or mergers with, other paper and/or packaging companies, it faces risks including unidentified liabilities of the companies which it may acquire or merge with, the possible inability to integrate successfully and manage acquired operations and personnel and the potential failure to achieve the economies of scale, synergies or other benefits sought. Any difficulties or delays in achieving successful integration of new acquisitions could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Mondi could be adversely affected by the application of competition laws

In recent years, in a number of jurisdictions, antitrust investigations and actions have been launched against companies in industries in which Mondi participates, indicating that the sector in which Mondi operates may face continuing regulatory scrutiny. Therefore, Mondi faces the risk that its business could be adversely affected by the application of EU, member state or other national competition laws to any agreements or practices in which Mondi may have been engaged or to which it is party.

¹ Emerging Europe means eastern Europe (including Turkey).

If Mondi is found to be or to have been party to any agreements or practices which infringe EU competition law or national law equivalents, the relevant agreements could be void and unenforceable in whole or in part. A finding of infringement of EU competition law, or national law equivalents, could have an impact on the manner in which Mondi conducts its business and could lead, among other things, to substantial fines being imposed and/or damages claims from third parties.

Mondi's insurance coverage may be insufficient to cover losses or it could be subject to uninsured liabilities which could materially affect its business, results of operations or financial condition

There are circumstances where insurance will not cover or be adequate to cover the consequences of an event, or where Mondi may become liable for costs incurred in events or incidents against which it either cannot insure or may have elected not to have insured (whether on account of prohibitive premium costs or for other commercial reasons). Although Mondi maintains insurance that it considers to be adequate, liabilities might exceed policy limits. Insurance fully covering environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from production and processing) is not generally available to Mondi. An uninsured loss could have a material adverse effect on Mondi's business, financial condition and/or results of operations.

Forests are exposed to a number of natural risks and hazards which could cause disruptions to Mondi

Forests are exposed to a number of natural risks and hazards which are outside the control of Mondi, including fire, insect infestation, epidemics, extreme weather, floods and other natural events which in each case may have an adverse impact on the timing of harvests, reduce the volume and value of wood harvested from Mondi's forests or impact Mondi's ability to produce wood internally. Any need to purchase additional wood from third parties could adversely affect Mondi's business, financial condition and/or results of operations.

The DLC Structure results in significant compliance obligations and costs and future changes in the legal and regulatory environment may mean that the DLC Structure will no longer be viable

The DLC Structure conforms to existing laws and policies of regulatory authorities in the UK and South Africa. There are significant governance and administration arrangements that are involved in the DLC Structure. In addition, the South African Ministry of Finance has imposed certain conditions in relation to the DLC Structure. In particular, it is a condition that the Chief Executive Officer and Chief Financial Officer of Mondi will have their ordinary residence in South Africa and that Mondi has Joint Chairmen, one of whom is resident in South Africa. Changes to the laws or policies (including changes in tax law or policy) applicable to the DLC Structure may result in the DLC Structure no longer being viable. There can be no assurance that the conditions imposed on Mondi in connection with the DLC Structure might not be amended or varied or that any such changes will not result in significant additional costs for Mondi which could adversely affect Mondi's business, financial condition and/or results of operations.

Changes in the tax residence of Mondi plc and Mondi Limited could have adverse tax consequences for Mondi

The DLC Structure was established on the basis that Mondi plc is and will remain resident only in the UK for tax purposes and that Mondi Limited is and will remain resident only in South Africa for tax purposes. The management of Mondi plc, Mondi Limited and their subsidiaries has been and will be carried out so as to ensure that the current residence treatment of Mondi plc and Mondi Limited is preserved. However, if Mondi plc were to cease to be treated as resident solely in the UK and/or Mondi Limited were to cease to be treated as resident solely in South Africa for tax purposes (including as a result of changes in law or in HM Revenue & Customs and/or South African Revenue Service practice), this could have adverse tax consequences for Mondi.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, or as

guarantor of the Notes in place of the Guarantor, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (and/or other similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) apply a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system or through another country that has adopted similar measures, and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax as provided in Condition 8. The Issuer is required, as provided in Condition 7(e) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Integral multiples of less than €100,000

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed

secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measure being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Prospectus and will be disclosed in the Final Terms if applicable.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “Terms and Conditions of the Notes” and “Summary of the Provisions Relating to the Notes in Global Form” shall have the same meanings in this Overview.

Issuer:	Mondi Finance plc
Guarantor:	Mondi plc
Description:	Guaranteed Euro Medium Term Note Programme
Size:	Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the amount of the programme in accordance with the Dealer Agreement.
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited The Royal Bank of Scotland plc
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee:	Deutsche Trust Company Limited
Issuing and Paying Agent:	Deutsche Bank AG, London Branch
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price,

first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “Final Terms”).

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes: The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

Clearing Systems: Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes: On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer.

Specified Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes:	Zero Coupon Notes (as defined in “Terms and Conditions of the Notes”) may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “Terms and Conditions of the Notes”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes (as defined in “Terms and Conditions of the Notes”) or of interest in respect of Index Linked Interest Notes (as defined in “Terms and Conditions of the Notes”) will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Step Down Rating Change or Step Up Rating Change:	The relevant Final Terms will state whether a Step Down Rating Change or Step Up Rating Change will apply to the Notes, in which case the rate of interest in respect of the Notes may be subject to adjustment as specified in the relevant Final Terms. See “Terms and Conditions of the Notes – Step Down Rating Change or Step Up Rating Change”.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amount payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the supplementary prospectus.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, including by means of a change of control put option, and if so the terms applicable to such redemption.
Status of Notes:	The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in “Terms and Conditions of the Notes – Guarantee and Status”.
Guarantee:	The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by the Guarantor. In addition, Noteholders will have the benefit of a guarantee by Mondi Limited pursuant to a deed poll guarantee (the “Deed Poll Guarantee”) entered into by Mondi Limited.
Negative Pledge:	See “Terms and Conditions of the Notes – Negative Pledge”.
Cross Default:	See “Terms and Conditions of the Notes – Negative Pledge”. See “Terms and Conditions of the Notes – Events of Default”.
Ratings:	Moody’s has rated the Programme Baa3 and S&P has rated the Programme BBB-. Each of Moody’s and S&P is established in the European Union and is registered under the CRA Regulation. As such, each of Moody’s and S&P is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has

not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Tranches of Notes (as defined in “Overview of the Programme”) to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued under the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

- Early Redemption:** Except as provided in “— Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.
- Withholding Tax:** All payments of principal and interest in respect of the Notes will be made free and clear of withholding or deduction for or on account of taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the Issuer or the Guarantor, as the case may be, will, subject to customary exceptions (including ICMA Standard EU Exceptions), be required to pay additional amounts so withheld or deducted, all as described in “Terms and Conditions of the Notes – Taxation”.
- Governing Law:** English.
- Listing and Admission to Trading:** Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
- Redenomination, Renominalisation and/or Consolidation:** Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.
- Selling Restrictions:** The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom and Japan. See “Subscription and Sale”.

The Guarantor is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed dated 25 March 2010 (as supplemented, amended and restated by a first supplemental trust deed dated 15 April 2011 and a second supplemental trust deed dated 4 May 2012, and as further amended or restated and/or supplemented as at the date of issue of the Notes (the "Issue Date") or from time to time thereafter, the "Trust Deed") between Mondi Finance plc (the "Issuer"), Mondi plc (the "Guarantor"), and Deutsche Trustee Company Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Amended and Restated Agency Agreement dated 4 May 2012 (as further amended or restated and/or supplemented as at the Issue Date or from time to time, the "Agency Agreement") has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed, the Agency Agreement and the deed poll guarantee dated 2 July 2007 entered into by Mondi Limited, whereby Mondi Limited agreed to guarantee certain obligations of the Guarantor (the "Deed Poll Guarantee"), are available for inspection during usual business hours at the office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

The Noteholders, the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") (the "Receiptholders") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "Tranche" means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer),

duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Transfers Free of Charge*

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to

Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3 Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons. Its obligations in that respect (the “Guarantee”) are contained in the Trust Deed.

(b) Status of Notes and Guarantee

The Notes and the Receipts and Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The Guarantee constitutes a direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligation of the Guarantor. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

Pursuant to the Deed Poll Guarantee, described in “Description of the Group — DLC Structure”, creditors of the Guarantor have the benefit of a guarantee from Mondi Limited of certain of the Guarantor’s obligations, including the obligations of the Guarantor under its guarantee of the Notes.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Guarantor will, (other than in the case of Mondi Limited) insofar as it is able to by the proper exercise of voting and other rights or powers of control exercisable by it, ensure that none of Mondi Limited or any subsidiary of the Guarantor or Mondi Limited will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, or other arrangement having a similar effect to a security interest (“Security”), upon all or any of its present or future revenues or assets to secure any Financial Indebtedness other than any Permitted Security without at the same time or prior thereto according to the Notes and the Coupons and all amounts payable under the Trust Deed, to the satisfaction of the Trustee, the same Security as is created or subsisting to secure any such Financial Indebtedness or such other security or other arrangement (whether or not comprising security) as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In this Condition:

- (i) “Consolidated Total Assets” means, at any time, the consolidated gross total assets of the Group as would be shown on a consolidated balance sheet of the Group as of such time.
- (ii) “Financial Indebtedness” means any indebtedness for or in respect of:
 - (a) moneys borrowed;
 - (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debenture, loan stock or any similar instrument (other than notes issued in the ordinary course of trading which are outstanding for a period of not more than 180 days);
 - (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
 - (e) receivables sold (other than any receivables to the extent they are sold or discounted on a non-recourse basis);
 - (f) any amount raised under any transaction (including any forward sale or purchase agreement) required by IFRS to be shown as a borrowing in the audited consolidated balance sheet of the Group; and
 - (g) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (f) above;
- (iii) "Group" has the meaning given to it in Condition 10.
- (iv) "IFRS" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.
- (v) "Permitted Security" means, in respect of a member of the Group:
- (a) liens arising solely by operation of law (or by an agreement evidencing the same) in the ordinary course of its business;
 - (b) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness directly relating to the goods or documents on or over which that pledge exists;
 - (c) any encumbrance arising out of title retention provisions in a supplier's standard condition of supply of goods acquired by the relevant person;
 - (d) any encumbrance on or over any asset acquired by it after the Issue Date, or any renewal or extension of that encumbrance on or over such an asset, if such encumbrance was (in each case) not created in contemplation of or in connection with the acquisition of that asset except to the extent that the principal amount secured by such encumbrance is increased, unless such increase is by reason only of any fluctuation in the amount outstanding under, and within the limits and in accordance with the terms of, facilities expressed to be secured by such encumbrance or such renewed or extended encumbrance at the time such asset is acquired, and provided that any such encumbrance is removed or discharged within 6 months of the date of acquisition of such asset;
 - (e) in the case of any company which becomes a subsidiary of the Guarantor or Mondi Limited after the Issue Date, any encumbrance existing on or over its assets when it becomes a subsidiary or any renewal or extension of that security and not created in contemplation of or in connection with it becoming a subsidiary unless so created to replace similar security not created in such contemplation or connection which is simultaneously released except to the extent that the principal amount secured by such encumbrance is increased, unless such increase is by reason of any fluctuation in the amount outstanding under, and within the limits and in accordance with the terms of, facilities expressed to be secured by such encumbrance or such renewed or extended encumbrance at the time such company becomes a subsidiary, and provided that any such encumbrance is

removed or discharged within 6 months of the date that company becomes a subsidiary of the Guarantor or Mondi Limited;

- (f) any encumbrance in favour of a contractor or sub-contractor which is the subject of a bona fide dispute;
- (g) any encumbrance on or over all or any part of the interest of a member of the Group in any Joint Venture, including the revenues and assets derived by the subsidiary from such Joint Venture or employed by the subsidiary in such Joint Venture, in favour of its co-venturers and/or the manager or operator of the Joint Venture to secure the due payment of amounts payable under or in respect of such Joint Venture;
- (h) any encumbrances:
 - (A) arising in connection with Project Debt; or
 - (B) arising in connection with refinancing of Project Debt, except to the extent that (a) the principal amount of the indebtedness under such refinancing exceeds the principal amount of the indebtedness under the Project Debt which is refinanced thereby (the “refinanced Project Debt”) or (b) the indebtedness under such refinancing is outstanding beyond the original maturity date of the refinanced Project Debt and
- (i) any other encumbrance created or outstanding to the extent not otherwise falling within this definition securing Financial Indebtedness provided that the amount of Financial Indebtedness in respect of which such other encumbrance is created or outstanding does not exceed 15 per cent. of Consolidated Total Assets.
- (vi) “Joint Venture” means a partnership, joint venture corporation, joint venture or unincorporated joint venture organisation or joint venture association which, in each case, the Guarantor or Mondi Limited (as applicable) is not required by IFRS to consolidate fully as if it were a subsidiary.
- (vii) “Project Debt” has the meaning given to it in Condition 10.
- (viii) “Project Financing” has the meaning given to it in Condition 10.
- (ix) a “subsidiary” of a company or corporation shall be construed as a reference to any company or corporation:
 - (a) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or
 - (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
 - (c) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of a majority of its board of directors or equivalent body.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the

Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and

- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations,

subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and repayable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall, at the expense of the Issuer, appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

- (ii) in the case of euro, a day on which the TARGET system is operating (a "TARGET Business Day") and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

- (i) if "Actual/Actual" or "Actual/Actual-ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) If "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365.
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360.
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

- (v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30.

- (vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (vii) if "Actual/Actual-ICMA" is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1)

the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“eurozone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal eurozone office of four major banks in the eurozone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) Step Down Rating Change or Step Up Rating Change

- (i) If the Step Down Rating Change or Step Up Rating Change is specified in the applicable Final Terms, the Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as follows:
 - (A) subject to paragraph (C) below, from and including the first Interest Payment Date falling on or after the date of a Step Up Rating Change, the Rate of Interest payable on the Notes shall be the Initial Rate of Interest plus the Step Up Margin specified hereon;

- (B) subject to paragraph (C) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date falling on or after the date of such Step Down Rating Change, the Rate of Interest payable on the Notes shall be decreased by the Step Up Margin specified hereon so that it again becomes the Initial Rate of Interest; and
 - (C) if a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Interest Period, the Rate of Interest payable on the Notes shall neither be increased nor decreased as a result of either such event.
- (ii) The Issuer and the Guarantor shall use all reasonable efforts to maintain a credit rating for the Notes from each Adjustment Rating Agency.
 - (iii) The Issuer will cause the occurrence of a Rate Adjustment to be notified to the Trustee, the Paying Agents and (in accordance with Condition 16) the Noteholders as soon as reasonably practicable after the occurrence of the relevant event but in no event later than the fifth London Business Day thereafter.
 - (iv) Notwithstanding any other provision contained herein, there shall be no limit on the number of times that the Rate of Interest may be adjusted pursuant to a Step Up Rating Change or a Step Down Rating Change during the term of the Notes, provided that at no time during the term of the Notes will the Rate of Interest be less than the Initial Rate of Interest or more than the Initial Rate of Interest plus the Step Up Margin specified hereon.

In these Conditions:

“Adjustment Rating Agency” means each of Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“S&P”), or their respective successors or any rating agency (an “Adjustment Substitute Rating Agency”) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

“Initial Rate of Interest” means the initial Rate of Interest that is either specified hereon or calculated in accordance with the provisions hereon.

“Minimum Rating Requirement” means that the Notes have been publicly assigned an investment grade rating BBB- or above in the case of S&P, Baa3 or above in the case of Moody’s, or, where an Adjustment Substitute Rating Agency has been substituted by the Issuer, a comparable rating or above (“Investment Grade”) by at least one of the Adjustment Rating Agencies.

“Rate Adjustment” means each of the events giving rise to an adjustment to the Rate of Interest payable on the Notes as described in (i)(A) and (i)(B) above.

“Step Down Rating Change” means the reinstatement of the Minimum Rating Requirement following the occurrence of a Step Up Rating Change.

“Step Up Rating Change” means a failure to meet the Minimum Rating Requirement at any time after the Issue Date. If the rating designations employed by either Moody’s or S&P are changed from those which are described in the definition of “Minimum Rating Requirement” above, or if a rating is procured from an Adjustment Substitute Rating Agency, the Issuer or the Guarantor shall determine, with the agreement of the Trustee, the rating designations of Moody’s or S&P or such Adjustment Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s or S&P and this Condition 5(m) shall be construed accordingly. The Trustee is under no obligation to ascertain whether a change in the rating assigned to the Notes by any

Adjustment Rating Agency has occurred or whether there has been a failure or a ceasing by any Adjustment Rating Agency to assign a credit rating to the Issuer's Notes and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such change to the credit rating assigned to the Notes has occurred or no such failure or ceasing by any Adjustment Rating Agency has occurred.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

- (i) *Zero Coupon Notes*
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
 - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity

Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Dual Currency Note, a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Dual Currency Note, a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), the Trustee and the Issuing and Paying Agent, at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to (but excluding) the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (i) on the occasion of the next payment due under the Notes it has or will become obliged to pay additional amounts as described under Condition 8, or the Guarantor would be unable to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer (or the Guarantor, as the case may be) stating that the condition in (i) above applies and the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders, Couponholders and Receiptholders.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), in accordance with Condition 16, and to the Trustee, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum

Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) *Redemption at the Option of Noteholders*

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) *Redemption Following Change of Control*

If Change of Control Put Event is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a "Change of Control Put Option") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at its Change of Control Optional Redemption Amount (as specified in the Final Terms) together with interest accrued to (but excluding) the Change of Control Put Date.

A "Change of Control Put Event" will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Guarantor or (B) shares in the capital of the Guarantor carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Guarantor (each such event being a "Change of Control"); and
- (ii) on the date (the "Relevant Announcement Date") that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), either:

- (A) the Notes carry an Investment Grade rating from at least two Rating Agencies and any such rating is, within the Change of Control Period, downgraded to Non-Investment Grade and such rating is not within the Change of Control Period restored to an Investment Grade Rating by such Rating Agency or replaced by an Investment Grade Rating of another Rating Agency, or any such Rating Agency withdraws its rating of the Notes and the rating of such Rating Agency is not within the Change of Control Period replaced by an Investment Grade rating of another Rating Agency; or
- (B) the Notes do not have an Investment Grade rating from at least two Rating Agencies and the Issuer and/or the Guarantor is unable to acquire and maintain an Investment Grade rating for the Notes during the Change of Control Period from at least two Rating Agencies;

provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than two Rating Agencies the Issuer shall be entitled to determine which two Rating Agencies shall be relevant for the purposes of this provision; and

- (iii) in making any decision to downgrade or withdraw any credit rating pursuant to paragraph (ii) above or to decline to confer an Investment Grade Rating, the relevant Rating Agency announces publicly or confirms in writing to the Issuer, the Guarantor or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and in any case not later than 10 business days thereafter, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "Change of Control Put Event Notice") to the Trustee (in the case of a notice from the Issuer) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "Change of Control Put Period") of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "Change of Control Put Notice"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period ("Unmatured Coupons") (the "Change of Control Put Date"), failing which, in the case of Fixed Rate Notes only, the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. Unmatured Coupons relating to Notes other than Fixed Rate Notes (whether or not attached to them) will become void upon the Change of Control Put Date. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of

the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register, and in each case, the Transfer Agent will issue a receipt as evidence of such payment.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes outstanding immediately prior to the Change of Control Put Date have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders, in accordance with Condition 16, and to the Trustee (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 100 per cent. of their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph (iii) above, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In this Condition 6(f):

“Change of Control Period” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

“Investment Grade” means, with respect to a rating given by a Rating Agency, an investment grade credit rating (Baa3 or BBB-, as the case may be, or equivalent, or better) from such Rating Agency;

“Non-Investment Grade” means, with respect to a rating given by a Rating Agency, that such rating is not Investment Grade;

“Rating Agency” means Moody’s, Fitch Ratings Ltd. (“Fitch”) or S&P or any of their respective successors or any rating agency (a “Substitute Rating Agency”) substituted for any of them by the Issuer or the Guarantor from time to time with the prior written approval of the Trustee but excluding any rating agency providing a rating of the Notes on an unsolicited basis; and

“Relevant Potential Change of Control Announcement” means any public announcement or statement by or on behalf of the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

If the rating designations employed by any of Moody’s, Fitch or S&P are changed from those which are described in the definition of “Negative Rating Event” above, or if a rating is procured from a Substitute Rating Agency, the Issuer or the Guarantor shall determine, with the agreement of the Trustee, the rating designations of Moody’s, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s, Fitch or S&P and this Condition 6(f) shall be construed accordingly.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) Purchases

Each of the Issuer, the Guarantor, Mondi Limited and their respective subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor, Mondi Limited or the relevant subsidiary, surrendered for cancellation.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor, Mondi Limited or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and

provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register on the relevant Record Date. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Laws

All payments are subject in all cases to any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. Save as set out in the Trust Deed, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder,

Receipholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation

(and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) Other connection

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note, Receipt or Coupon; or

(b) Lawful avoidance of withholding

to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

(c) *Presentation more than 30 days after the Relevant Date*

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days; or

(d) *Payment to individuals*

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) *Payment by another Paying Agent*

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Optional Redemption Amounts, Amortised Face Amounts, amounts paid by the Issuer or the Guarantor to purchase the Notes, purchase monies paid by the Issuer or the Guarantor or on behalf of the Issuer or the Guarantor, as the case may be, in relation to redemption purchase to Condition 6(f) and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("Events of Default") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and repayable at their

Early Redemption Amount, determined in accordance with Condition 6(b) together with accrued interest (if any):

(a) Non-Payment

default is made for more than 10 days (in the case of interest) or seven days (in the case of principal in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) Breach of Other Obligations

the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed or Mondi Limited does not comply with its obligations under the Deed Poll Guarantee, which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer or the Guarantor or Mondi Limited by the Trustee; or

(c) Cross-Default

any other present or future indebtedness of the Issuer or the Guarantor or any Material Company for or in respect of moneys borrowed or raised (other than any Project Debt) is not paid when due or within any applicable grace period, or any such indebtedness of the Issuer, the Guarantor or any Material Company is declared to be or otherwise becomes due and payable prior to its specified maturity by reason of an event of default (however described), provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €25,000,000 or its equivalent in any other currency; or

(d) Enforcement Proceedings

any distress, execution, attachment or other process is levied or enforced against the assets of the Issuer, the Guarantor, or any Material Company such assets being worth, on an aggregate basis, at least €25,000,000 (or its equivalent) unless such proceedings are stayed within 30 days or are the subject of a bona fide dispute; or

(e) Security Enforced

any encumbrance created over a material asset for an amount at the relevant time in excess of €25,000,000 (or its equivalent in any other currency) given by the Issuer, the Guarantor or any Material Company shall be enforced unless such enforcement is discharged within 30 days or is the subject of a bona fide dispute; or

(f) Winding up

the Issuer, the Guarantor, or any Material Company takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or re-organisation (save, in each case, for a re-organisation, relating to the Issuer, the Guarantor or any Material Company while solvent and where such re-organisation includes the Guarantor or Mondi Limited, provided that the Guarantor or Mondi Limited is the surviving entity and, if such event relates to the Issuer, that a substitute obligor becomes obligor under the Notes in accordance with Condition 11(c)) or for the appointment of a receiver, liquidator, administrator, administrative receiver, trustee or similar officer of it or of all or a material part of its revenues and assets unless the Guarantor can demonstrate upon demand that, in the case only of such action having

been commenced by a creditor, it is discharged within 30 days of the commencement of such action or proceedings, or a moratorium is declared in respect of any of its indebtedness; or

(g) *Insolvency*

the Issuer, the Guarantor or any Material Company is unable to pay its debts as they fall due (by reason of financial difficulties), commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or

(h) *Ownership*

the Issuer ceases to be wholly-owned and controlled by the Guarantor; or

(i) *Guarantee and Deed Poll Guarantee*

the Guarantee and/or the Deed Poll Guarantee is not (or is claimed by the Guarantor (in the case of the Guarantee) or by Mondi Limited (in the case of the Deed Poll Guarantee) not to be) in full force and effect,

provided that in the case of paragraph (b) and, in the case of a Material Subsidiary only, paragraphs (f) and (g) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

In this Condition 10:

- (i) "Group" means the Guarantor, Mondi Limited and their subsidiaries taken as a whole.
- (ii) "Material Company" means Mondi Limited or any Material Subsidiary.
- (iii) "Material Subsidiary" means any subsidiary of the Guarantor or Mondi Limited:
 - (a) which was a subsidiary of the Guarantor or Mondi Limited at the date of the latest published audited consolidated financial statements of the Group and whose consolidated total revenue and/or gross assets at the time of its latest financial statements exceeded 10 per cent. of the consolidated total revenue and/or gross assets of the Group at such date, taken as a whole; or
 - (b) which has been a subsidiary of the Guarantor or Mondi Limited for more than 180 days and which became a subsidiary of the Guarantor or Mondi Limited subsequent to the date of the latest published audited consolidated financial statements of the Group and whose consolidated total revenue and/or gross assets would if consolidated financial statements were prepared on it becoming a member of the Group, exceed 10 per cent. of the consolidated total revenue and/or gross assets of the Group; or
 - (c) any subsidiary of the Guarantor or Mondi Limited which, although not a Material Subsidiary at the date of the latest published audited consolidated financial statements of the Group, subsequently acquires or develops assets and/or generates revenues which would, when aggregated with its existing assets and/or revenues, constitute 10 per cent. or more of the consolidated total revenue and/or gross assets of the Group if at any relevant time consolidated financial statements were prepared, provided that if any Material Subsidiary shall at any relevant time cease to have revenue and/or gross assets which constitute more than 10 per cent. of the consolidated total revenues and/or gross assets of the Group if consolidated financial

statements were prepared at that time, it shall at that time cease to be a Material Subsidiary, until such time as its revenues and/or gross assets subsequently exceed 10 per cent. of the consolidated total revenues and/or gross assets of the Group at any relevant time and a report by two Authorised Signatories of the Guarantor or Mondi Limited that, in its opinion, a subsidiary is not, or was or was not, at any particular time or during any particular period, a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, Mondi Limited, the Trustee and the Noteholders.

- (iv) "Project Debt" means any indebtedness in respect of borrowed moneys incurred by a member of the Group for the purposes of a Project Financing where the recourse of the provider of that indebtedness is limited to:
 - (a) the assets comprised in the project; and
 - (b) if the assets of that project comprise all or substantially all of the business of that member of the Group, the shareholding or other interest of any other member(s) of the Group in it; and
- (v) "Project Financing" means any original financing of the acquisition, construction, or development of any assets or properties in connection with a project involving or which has as a principal object the development and/or processing of pulp, paper or packaging resources and/or facilities related thereto.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor, the Trustee or by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding, and shall be convened by the Issuer at the written request of such proportion of Noteholders. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-

quarter, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Receiptholders and Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trust Deed provides that, for so long as Notes are held in global form through a clearing system, consents given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than three quarters in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) *Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of the provisions of these Conditions, the Final Terms or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable.

(c) *Substitution*

The Trust Deed contains provisions requiring the Trustee to agree, at the request of the Issuer but without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution of the Guarantor or its successor in business (as defined in the Trust Deed) in place of the Issuer as principal debtor under the Notes or to the substitution of the successor in business of the Guarantor in place of the Guarantor as guarantor under the Trust Deed and the Notes and also contains provisions permitting the Trustee to agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution of any subsidiary of the Guarantor or its successor in business in place of the Issuer or Guarantor, or of any subsidiary of the Guarantor or its successor in business in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes subject, in each case, to certain conditions set out in the Trust Deed (including that, unless the Guarantor or its successor in business is the substitute obligor under the Notes and Coupons, the Guarantor shall guarantee the obligations of the substitute obligor). In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the

Noteholders. The Issuer will give notice of such a change of law to the Noteholders in accordance with Condition 16, and such a change of law will be binding on the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

12 Enforcement

The Trustee may, at any time, at its discretion and without notice, institute such proceedings and/or any other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or the Guarantor and/or Mondi Limited as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts, the Coupons and the Deed Poll Guarantee or otherwise, but it need not take any such proceedings or other steps or action unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may (i) take any steps or action against the Issuer or the Guarantor or Mondi Limited to enforce the performance of any of the provisions of the Trust Deed, the Notes, the Receipts or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, the Guarantor or Mondi Limited, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in the jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, Mondi Limited, the Trustee, the Noteholders, the Couponholders and the Receiptholders.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Couponholders or Receiptholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the "Common Depository") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("Alternative Clearing System") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer, the Guarantor or Mondi Limited to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer, the Guarantor or Mondi Limited in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer, the Guarantor or Mondi Limited will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if (i) the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (ii) an Event of Default (as defined in Condition 10) has occurred and is continuing.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable

in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment

so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(e) will apply to the Definitive Notes only. For so long as the Notes are represented by a Global Certificate, notwithstanding the provisions of Condition 7(b)(ii), each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 1 January and 25 December. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purposes of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall, at any meeting of Noteholders be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of

accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the accountholders giving notice to the Issuing and Paying Agent, within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and at the same time presenting or procuring the presentation of the relevant Global Note to the Agent for notation accordingly, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN Nominal Amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

6 Record Date in respect of Registered Notes

Each payment in respect of Registered Notes whilst in global form will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No. 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF MONDI FINANCE PLC

Mondi Finance plc (the “Issuer”) is a wholly-owned subsidiary of Mondi plc. It was incorporated under the Companies Act 1985 on 25 August 2006 in England and Wales as a private company limited by shares under the name “Mondi Finance Limited” and under Registered Number 5916680, and re-registered as a plc on 15 March 2010. The Issuer’s registered office is at Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG and its telephone number is +44 1932 826 300.

The issued share capital of the Issuer comprises €50,000,000, of which 100 per cent. is held by Mondi Investments Limited.

A special resolution was passed at a general meeting of the Issuer on 7 October 2011 to reduce its share capital by 833,757,188 shares, in accordance with the provisions set out in the Companies Act 2006. The capital was transferred to distributable reserves upon reduction. The capital reduction was confirmed by the High Court of Justice (Chancery Division) on 2 November 2011 and registered by the Registrar of Companies on 3 November 2011.

The Issuer is a finance vehicle and it principally participates in financial arrangements and transactions and issuing securities.

Directors of the Issuer are listed below:

<u>Name</u>	<u>Position</u>	<u>Other Principal Activities</u>
James Paterson	Director	None
Carol Hunt	Director and Company Secretary	None
Andrew King	Director	None
Maureen McHugh	Director	None

As at the date of this Prospectus, there are no potential conflicts of interest between the duties to the Issuer of the Directors and their private interests and/or other duties. The business address of James Paterson, Carol Hunt and Maureen McHugh is Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG and the business address of Andrew King is 4th Floor, No. 3 Melrose Boulevard, Melrose Arch 2196, Gauteng, South Africa.

DESCRIPTION OF THE GROUP

1 General

1.1 Overview

The Guarantor was incorporated as HACKPLIMCO No.119 PLC under the Companies Act 1985 on 11 April 2007 in England and Wales as a public limited company with registered number 6209386 and its name was changed to Mondi plc on 17 April 2007. The Guarantor's registered office is at Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey, KT15 2PG and its telephone number is +44 1932 826 300.

The Guarantor and Mondi Limited are the dual holding companies of the Group. In this Prospectus, the Guarantor, Mondi Limited and their subsidiaries taken as a whole are referred to as "Mondi" or the "Group".

Mondi is an international paper and packaging group with revenue from continuing operations of €5.7 billion for the year ended 31 December 2011. Its key operations are located in central Europe, Russia and South Africa. The Group is principally involved in the manufacture of packaging paper, converted packaging products and uncoated fine paper (UFP). In addition, it has newsprint operations in South Africa, the United Kingdom and Russia.

Mondi is integrated across the paper and packaging production process from the growing of wood and the manufacture of pulp and paper (including recycled paper), to the conversion of packaging papers into corrugated packaging, industrial bags, coated products and consumer packaging.

Mondi has 80 operating sites located across 28 countries. The Group employed approximately 23,400 people as at the end of 2011.

1.2 Group History

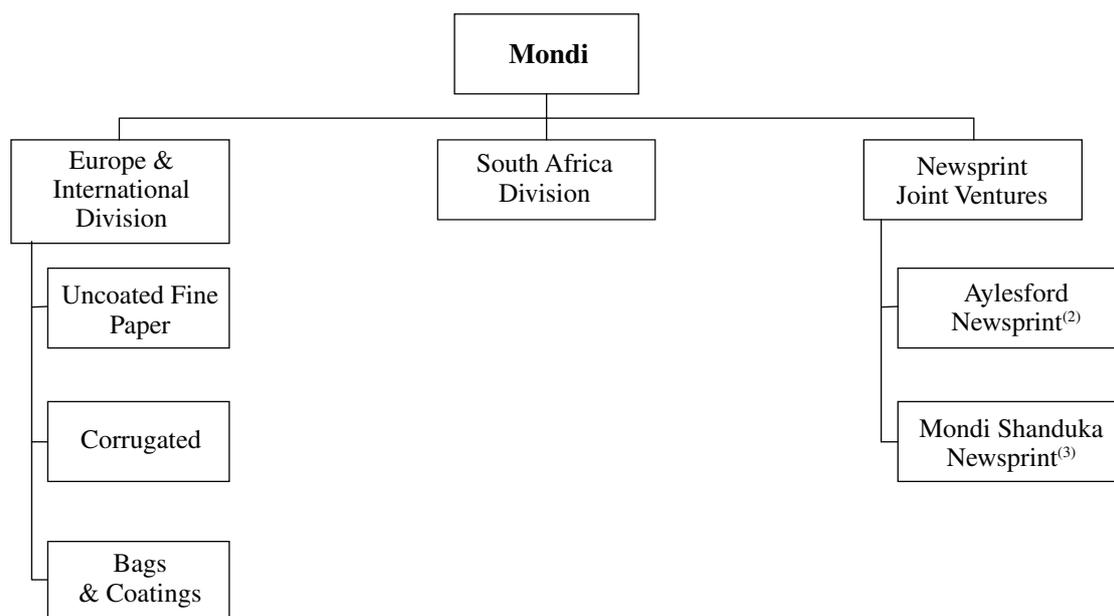
In 1967, Anglo American plc founded Mondi to build what became the Merebank mill near Durban in South Africa. In the early 1990s, Mondi entered Europe¹ with the acquisition of two Austrian based paper groups and subsequently expanded its operations through both acquisitions and organic growth to become one of the leading paper and packaging groups in central Europe, Russia and Southern Africa.

On 3 July 2007, Mondi was demerged from Anglo American plc (the "Demerger"). Mondi is an integrated corporate group established under a dual listed company ("DLC") structure with dual holding companies, the Guarantor, listed on the London Stock Exchange with a secondary listing on the Johannesburg Stock Exchange (the "JSE"), and Mondi Limited, listed on the JSE. Following the Demerger and with effect from 1 January 2008, the Group was reorganised into two primary divisions - the Europe & International Division (the "Europe & International Division") and the South Africa Division (the "South Africa Division"). The remainder of the Group consists of the Newsprint businesses.

¹ "Europe" means western Europe, Emerging Europe and Russia.

2 Business Structure

The following chart summarises the Group's current business structure⁽¹⁾:



Notes:

- (1) This is the organisational structure. It does not reflect the DLC Structure.
- (2) Aylesford Newsprint Holdings Limited is a joint venture between Mondi and Svenska Cellulosa Aktiebolaget. Each shareholder owns 50 per cent. in the joint venture company.
- (3) The Group has a 50 per cent. ownership interest in Mondi Shanduka Newsprint. Of the remaining 50 per cent. Shanduka Newsprint (Proprietary) Limited owns 42 per cent., Mondi Employee Investment Company Limited owns 4 per cent. and 4 per cent. has been set aside for Mondi Shanduka Community Trust.

The Europe & International Division comprises Mondi's packaging and uncoated fine paper operations which are located primarily in Europe with additional presence in North America, the Middle East, North Africa and Asia. The Europe & International Division is organised into three businesses: the Uncoated Fine Paper Business (the "UFP Business"), the Corrugated Business (the "Corrugated Business") and the Bags & Coatings Business (the "Bags & Coatings Business").

The South Africa Division combines the uncoated fine paper operations in Merebank as well as the woodchip, containerboard and pulp mill operations in Richards Bay including its related forestry operations.

The Newsprint businesses consist of Mondi Shanduka Newsprint, a leading producer of newsprint in South Africa and Aylesford Newsprint, a leading producer of newsprint in the United Kingdom. In the financial year ended 31 December 2011, prior to inter-segment elimination, the Europe & International Division generated 87 per cent. of the Group's revenues, the South Africa Division generated 10 per cent. of the Group's revenues, and the Newsprint businesses generated 3 per cent. of the Group's revenues².

2 Excluding Mondi Packaging South Africa.

For further detail in relation to the above, please also see Paragraph 5, below.

Mondi's production sites include the following paper mills:

	<u>Current use</u>	<u>Pulp capacity⁽¹⁾</u>	<u>Paper capacity⁽¹⁾</u>
		<i>(^{'000 tonnes per annum})</i>	
Europe & International Division			
<i>UFP Business</i>			
Kematen, Austria	Production of pulp and paper	50	100
Hausmening, Austria	Production of paper	–	287
Ružomberok, Slovakia ⁽²⁾	Production of pulp and paper	500	560
Sykytvkar, Russia ⁽³⁾	Production of pulp and paper	930	710
<i>Corrugated Business</i>			
Świecie, Poland ⁽⁴⁾	Production of pulp and paper	560	1,410
Sykytvkar, Russia ⁽³⁾	Production of paper	–	285
Raubling, Germany	Production of recycled containerboard	–	210
Štětí, Czech Republic	Production of paper	–	110
Tire Kutsan, Turkey ⁽⁵⁾	Production of recycled containerboard	–	140
<i>Bags & Coatings Business</i>			
Štětí, Czech Republic	Production of pulp and paper	440	270
Frantschach, Austria	Production of pulp and paper	278	290
Dynäs, Sweden	Production of pulp and paper	258	260
Ružomberok, Slovakia ⁽²⁾	Production of paper	–	66
Stambolijski, Bulgaria	Production of pulp and paper	95	90
Lohja, Finland	Production of paper	–	75
South Africa Division			
Richards Bay, South Africa	Production of pulp and paper	760	270
Merebank, South Africa	Production of paper	–	270
<i>Newsprint businesses</i>			
Aylesford, UK ⁽⁶⁾	Production of newsprint	–	390
Merebank, South Africa ⁽⁶⁾	Production of newsprint	180	220

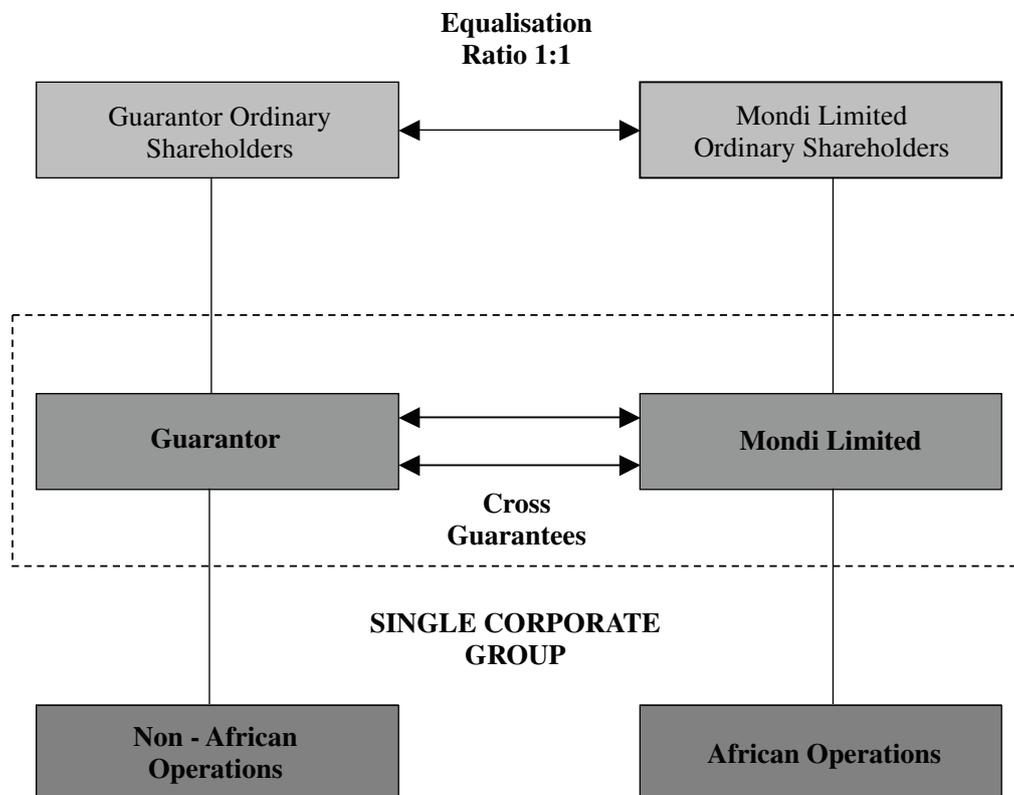
Notes:

- (1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document.
- (2) The Ružomberok mill is operated by the UFP Business and the financial results of the entire mill are reported as part of the UFP Business. Mondi has a 51 per cent. interest in the mill. 35,000 tonnes per annum of pulp produced by the Ružomberok mill are utilised by the kraft paper machine on site for the production of kraft paper.
- (3) The Sykytvkar mill is operated by the UFP Business. The 710,000 tonnes of paper capacity within the UFP Business includes 204,000 tonnes of newsprint capacity. An additional 285,000 tonnes of packaging paper capacity is attributed to the Corrugated Business. The Sykytvkar mill pulp capacity includes 250,000 tonnes used by the Corrugated Business.
- (4) As at the date of this document, Mondi has a 93.19 per cent. interest in the company that owns the mill, Mondi Świecie S.A.
- (5) Mondi has a 63.39 per cent. interest in the company that owns the mill.
- (6) Includes Aylesford's and Merebank's full newsprint capacity not just the capacity attributable to Mondi.

3 DLC Structure

Mondi is an integrated corporate group established under a dual listed company structure with dual holding companies, the Guarantor, listed on the London Stock Exchange with a secondary listing on the JSE, and Mondi Limited, listed on the JSE.

The following is a simplified illustration of the DLC Structure.



Mondi operates as a single corporate group. As the Guarantor and Mondi Limited are separate corporate entities they each have a separate board of directors, but these boards are comprised of the same persons. The boards, in addition to their duties to the company concerned, have regard to the interests of both the shareholders of the Guarantor and Mondi Limited as if the two companies were a single economic enterprise.

Ordinary shareholders of the Guarantor and Mondi Limited have economic and voting interests in Mondi. The economic and voting interests represented by an ordinary share in one company relative to the economic and voting interests represented by an ordinary share in the other company are determined by reference to a ratio known as the Equalisation Ratio. As at the date of this Prospectus the Equalisation Ratio is 1:1 (i.e. an ordinary share in either the Guarantor or Mondi Limited gives the holder an equivalent effective economic and voting interest in Mondi).

As part of the DLC structure, Mondi Limited has entered into a deed poll guarantee dated 2 July 2007 (the "Deed Poll Guarantee") whereby Mondi Limited guarantees certain obligations of the Guarantor to creditors of the Guarantor, which include the obligations of the Guarantor under its guarantee of the Notes, and undertakes to each of them that, if for any reason the obligation is not met on its due date, Mondi Limited shall pay the amount due and unpaid to the creditor upon written demand by the creditor.

A demand may not be made under the Deed Poll Guarantee without a demand first being made on the Guarantor.

Mondi Limited may at any time amend the Deed Poll Guarantee in respect of future guaranteed obligations upon giving not less than three months' notice of such fact. Any such amendment will not

be effective in respect of any existing guaranteed obligation of the Guarantor. Any such amendment will require the agreement of the Guarantor unless a resolution has been passed or an order made for the liquidation or winding up of the Guarantor.

For so long as Notes may be issued pursuant to this Prospectus, the Deed Poll Guarantee will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Guarantor.

In the event that any amendment is made to the Deed Poll Guarantee that affects the rights of holders of the Notes, the Issuer will publish a supplement to this Prospectus.

4 Strategy and Strengths

Mondi's ambition is to be one of the best performing paper and packaging groups in the world. It is committed to delivering superior returns, above the average of its competitors. To deliver that ambition Mondi's strategy is to focus on:

- building on its leading market positions in its chosen markets, particularly in emerging markets which continue to offer above average long-term growth potential;
- enhancing its low-cost, high quality, production assets to achieve cost leadership in its chosen markets; and
- continuing to deliver on its culture of cost-consciousness and ongoing operational improvement.

The Group continues to evaluate future opportunities in line with its strategy of investing in assets based around low-cost wood and other fibre resources as well as acquisition targets that offer clear market or operational synergies.

4.1 Strong market position

4.1.1 Leading market positions

The Group aims to sustain and develop the leading positions it has in many of the sectors in which it operates, with a specific focus on high-growth emerging markets. Based on the most recent available industry reports and internal estimates, Mondi believes that it is:

- the largest producer of uncoated fine paper in Europe based on sales volumes³;
- the second largest producer of virgin containerboard in Europe based on production capacity⁴;
- the largest producer of corrugated packaging in Emerging Europe based on production⁵;
- the largest producer of recycled containerboard in Emerging Europe based on production capacity⁶;
- the largest producer of kraft paper in Europe based on production capacity⁷ and the largest industrial bag manufacturer in Europe based on sales volumes⁸; and
- the largest producer of uncoated fine paper and newsprint in South Africa based on production capacity⁹.

3 Source: EMGE, Euro-Graph, Pyrabelisk and Mondi estimates.

4 Source: RISI Capacity Report and Mondi estimates.

5 Source: Mondi estimates.

6 Source: RISI Capacity Report and Mondi estimates

7 Source: Pöyry, RISI and Mondi estimates.

8 Source: Eurosac, Freedonia and Mondi estimates.

9 Source: PAMSA and Mondi estimates.

In addition, based on Alexander Watson Associates and its own estimates Mondi believes that it is the largest supplier of commercial release liner in Europe.

4.1.2 High exposure in strong growth locations

The Group continues to position its operations to exploit growth opportunities in a number of emerging markets in which it operates such as South Africa, Emerging Europe and Russia as the Group believes that emerging markets provide the most opportunity for growth. In the financial year ended 31 December 2011, revenues from emerging markets accounted for approximately 50 per cent. of total Group revenue and net operating assets based in emerging markets amounted to approximately 71 per cent. of the Group's total net operating assets.

4.2 Strong asset base

4.2.1 Low-cost production

Mondi's ability to deliver returns above the average of its competitors is mainly driven by the low-cost production advantage enjoyed by a number of the Group's pulp and paper mills. These include the Syktyvkar mill in Russia, the Richards Bay mill in South Africa, the Štětí mill in the Czech Republic, the Świecie mill in Poland and the Ružomberok mill in Slovakia.

Cost advantages in these regions typically come from lower wood, energy and personnel costs. Management continues to emphasise maintaining and developing the Group's asset base in lower operating cost environments by focusing capital spend on sites located in lower-cost regions. Over the period from 1 January 2006 to 31 December 2011, the Group invested a total of approximately €1.6 billion on expansion, of which €1.2 billion was spent on its main sites located in lower-cost emerging markets such as Emerging Europe, Russia and South Africa, including major capital investments in the modernisation of the Syktyvkar mill in Russia and a lightweight recycled containerboard paper machine at the Świecie mill in Poland. The remainder was spent in more mature markets such as western Europe.

In order to bring into full ownership a core integrated low cost asset of the Group, Mondi made an all cash public tender offer on 16 February 2012 for the 34 per cent. of the share capital of Mondi Świecie S.A. that it did not already own. On 11 April 2012 Mondi announced that it had received valid acceptances in respect of shares representing 27.19 per cent. of the share capital of Mondi Świecie S.A. The aggregate cash consideration paid by Mondi on closing of the offer was PLN979 million (EUR235 million), funded by cash and the Group's revolving credit facility. Mondi is in the process of acquiring the shares of those minority shareholders which did not respond to the offer.

4.2.2 Access to low-cost wood

Wood is a key raw material in the paper making process. It is the principal raw material used in the production of pulp, which is in turn used to make paper. In South Africa and Russia, where the Group has its own forestry operations, the Group enjoys particularly low wood costs. The Group continues to investigate opportunities to expand its low-cost wood resources which will help to maintain and enhance the Group's low-cost position.

4.2.3 High level of vertical integration and self-sufficiency

Mondi's businesses are highly vertically integrated. The Group owns both "upstream assets", including forests from which to source wood and the mills required to turn wood into pulp, and "downstream converting assets", including plants to convert pulp into value added products, such as uncoated fine paper, containerboard, kraft papers and converted packaging products. Its upstream assets give it a significant degree of self-sufficiency. Self-sufficiency refers, in the case of wood, to the Group's annual allowable cut expressed as a percentage of the Group's total wood requirements for pulp production and, in the case of pulp, to the Group's overall production of pulp as a percentage

of the Group's overall pulp requirement for paper production. Mondi believes that a high level of integration allows the Group to benefit from improved security of supply and reduces its exposure to price volatility of the key raw materials, particularly wood and pulp. The Group intends to continue to pursue a high level of vertical integration.

Mondi's total wood consumption used for pulp production in the year ended 31 December 2011 was approximately 16 million m³. The Group has access to leased and owned forests in Russia and South Africa, which provide an annual allowable cut of around 8 million m³, which represents, potentially, 53 per cent. of the total amount of wood the Group currently requires for pulp production. The amount of wood actually procured from Mondi's own forests during any period can vary depending on commercial, logistic and sustainability considerations. In the year ended 31 December 2011, the consumption of wood from Mondi's forests amounted to 33 per cent. of the Group's total wood consumption. Mondi's total pulp consumption in the year ended 31 December 2011 was approximately 3.6 million tonnes. The Group's supply of pulp is sourced from a combination of the Group's own pulp mills and purchases from third party suppliers. In the year ended 31 December 2011, Mondi's own pulp production comprised nine integrated pulp mills which collectively produced approximately 3.7 million tonnes of pulp, giving the Group a small net long position in pulp required for paper production.

4.3 Focus on performance

In order to maintain the Group's position as one of the lowest-cost producers in the sectors in which it operates, management continually reviews the financial and operational performance of its operations.

4.3.1 Business excellence and rigorous cost control programmes

The Group has established business excellence programmes aimed at reducing costs and improving the profitability of the Group. They specifically focus on operational performance and prudent asset management. These programmes target continuous improvement of productivity, efficiency and reliability of operations through cost reduction programmes and profit improvement initiatives. These programmes also encompass sustainability, human resources development and innovation.

These business excellence and rigorous cost control programmes are important in maintaining the Group's position as one of the lowest-cost producers in the sectors in which it operates. Management will continue to focus on these initiatives and believes they will continue to deliver future benefits to the Group.

4.3.2 Pro-active restructuring

In 2007, following the Demerger, the Group restructured its organisation into its current divisions to improve both effectiveness and efficiency by eliminating duplication within the organisation, simplifying processes and aligning its business model across the Group.

The Group is committed to closing or divesting sites which it considers to be underperforming and proactively closes or sells sites that do not meet or are not deemed capable of meeting the Group's performance criteria. In recent years, Mondi has closed or sold various of its high cost operations and has continued to streamline its portfolio of businesses.

In 2010 the decision was taken to exit the South Africa Division's European uncoated fine paper export business due to poor profitability and to focus on the domestic and African markets. As a consequence, the 120,000 tonne UFP machine in Merebank was mothballed in September 2010, and a restructuring programme was initiated to realign the cost base of the business.

In 2010 Mondi concluded a two year programme of restructuring of its western European corrugated packaging and recycled containerboard portfolio in response to ongoing overcapacity concerns in western Europe, and a desire to improve Mondi's asset quality and refine Mondi's geographical

footprint around core central European and Turkish positions. This programme has seen the Group either closing or selling four of Mondi's five western European recycled containerboard mills with aggregate capacity of 540,000 tonnes per annum. In addition, Mondi sold all of its corrugated box plants in the United Kingdom and France.

At the end of 2010 Mondi completed the sale of its shares in Europapier AG, a paper merchant business selling graphic, packaging and office papers to customers across central Europe, eastern Europe and Russia, to the Heinzel Group.

In July 2011, Mondi separated the Group's interest in Mondi Packaging South Africa (MPSA) via a demerger on terms according to which all the ordinary shares in MPSA held by Mondi Limited were distributed to the Mondi Limited ordinary shareholders by way of a dividend in specie.

4.3.3 Experienced management team

Mondi's senior management team have extensive paper and packaging industry experience and a proven record of managing international businesses, acquiring and integrating new businesses and implementing cost reduction programmes and profit improvement initiatives. The Group continues to ensure it has an experienced and skilled management team.

5 Description of the Businesses

5.1 Europe & International Division

5.1.1 Overview

The Europe & International Division achieved revenues of €5.2 billion for the year ended 31 December 2011, which (including inter-segment revenue) accounted for 87 per cent. of the Group's revenues. The Europe & International Division comprises three businesses:

- the Uncoated Fine Paper Business which manufactures uncoated fine paper that is converted into office papers (cut size) and professional printing papers sold in folio form or large reels. The UFP Business (including inter-segment revenue) represented 27 per cent. of the Europe & International Division's revenues for the year ended 31 December 2011;
- the Corrugated Business which manufactures and sells containerboard as well as a wide range of converted products, including corrugated board, corrugated boxes, trays and point of sale displays. The Corrugated Business (including inter-segment revenue) represented 26 per cent. of the Europe & International Division's revenues for the year ended 31 December 2011;
- the Bags & Coatings Business which manufactures and sells a range of kraft papers and industrial bags for cement and other building materials, chemicals, food, animal feed and other applications, as well as release liner, extrusion coating and consumer flexible packaging products. The Bags & Coatings Business (including inter-segment revenue) represented 47 per cent. of the Europe & International Division's revenue for the year ended 31 December 2011.

The Europe & International Division's businesses are vertically integrated. The Directors believe that, as a result of this integrated approach, they have better control over raw materials supply and costs than their non-integrated competitors and can more readily adapt to their customers' requirements.

In the year ended 31 December 2011, 49 per cent. of the Europe & International Division's sales were made in western Europe and 33 per cent. of sales were made in Emerging Europe and Russia. The remaining 18 per cent. of sales were made mainly in North America and Asia.

5.1.2 UFP Business

As a manufacturer of pulp and uncoated fine paper, the UFP Business is vertically integrated across the paper value chain.

(i) Products

The UFP Business produced 1.4 million tonnes of uncoated fine paper in the year ended 31 December 2011, the UFP Business's core product, while it also produced 0.2 million tonnes of newsprint in the year ended 31 December 2011 mainly for the local market in Russia. Within the uncoated fine paper product category, the UFP Business differentiates between its "universal" paper segment and its "speciality" paper segment, the former accounting for the majority of its paper revenues.

The UFP Business has a number of "own brand" products which include Color Copy, a leading colour laser paper brand in western Europe, and Snegurochka, a leading office paper brand in Russia.

Furthermore, the UFP Business produces pulp which is mainly used in its paper-making operations and generates energy during the production process some of which is sold to third parties.

(ii) Plants and forestry operations

Plants

The UFP Business operates the following integrated and non-integrated mills:

<u>Site</u>	<u>Current use</u>	<u>Pulp capacity⁽¹⁾</u>	<u>Paper capacity⁽¹⁾</u>
		<i>('000 tonnes per annum)</i>	
Kematen, Austria	Production of pulp and paper	50	100
Hausmening, Austria	Production of paper	–	287
Ružomberok, Slovakia ⁽²⁾	Production of pulp and paper	500	560
Syktyvkar, Russia ⁽³⁾	Production of pulp and paper	930	710

Notes:

- (1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document.
- (2) The Ružomberok mill is operated by the UFP Business and the financial results of the entire mill are reported as part of the UFP Business. Mondi has a 51 per cent. interest in the mill. 35,000 tonnes per annum of pulp produced by the Ružomberok mill are utilised by the kraft paper machine on site for the production of kraft paper.
- (3) Paper capacity includes 204,000 tonnes of newsprint capacity. The Syktyvkar mill pulp capacity includes 250,000 tonnes used by the Corrugated Business.

Forestry operations

The UFP Business leases approximately 2.1 million hectares of forests in the Komi Republic, Russia, on a long-term basis. The trees in these forests are softwood species, including spruce and pine, and hardwood species, such as birch and aspen. The leased forests in Russia provide a current annual allowable cut of approximately 5.1 million m³.

5.1.3 Corrugated Business

As a manufacturer of pulp, containerboard and corrugated packaging, the Corrugated Business is vertically integrated across the paper value chain.

(i) Products

The Corrugated Business manufactures and sells containerboard as well as a comprehensive range of converted products, including corrugated board, corrugated boxes, trays and point of sale displays.

Containerboard

Containerboard refers to kraftliner (including unbleached kraftliner and white top kraftliner) and semi-chemical fluting made from wood pulp (also known as virgin fibre-based containerboard), as well as testliner and fluting made from recovered paper (also known as recycled fibre-based containerboard).

These products are used to make corrugated board, which is then converted into corrugated boxes, trays and displays. Both corrugated board and boxes/displays are generally referred to as corrugated packaging. The Corrugated Business' total containerboard production in the year ended 31 December 2011 amounted to 2.0 million tonnes. Internal consumption to make corrugated packaging products was approximately 0.7 million tonnes during the year, giving the business a net market exposure of 1.3 million tonnes in 2011.

In addition to producing containerboard, the Corrugated Business sells containerboard produced by the South Africa Division.

Corrugated packaging

The core corrugated packaging products are corrugated boards and converted corrugated products such as regular cases, die cut cases, folded-glued cases, litho-laminated products, trays and displays. The Corrugated Business' production of corrugated board amounted to approximately 1.2 billion m² in 2011.

(ii) Plants

Containerboard

The Corrugated Business produces containerboard at the following integrated and non-integrated mills:

Site	Current use	Pulp capacity⁽¹⁾	Paper capacity⁽¹⁾
		<i>('000 tonnes per annum)</i>	
Świecie, Poland ⁽²⁾	Production of pulp and paper	560	1,410
Syktyvkar, Russia ⁽³⁾	Production of paper	–	285
Štětí, Czech Republic ⁽⁴⁾	Production of pulp and paper	–	110
Raubling, Germany	Production of recycled containerboard	–	210
Tire Kutsan, Turkey ⁽⁵⁾	Production of recycled containerboard	–	140

Notes:

- (1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document.
- (2) As at the date of this document, Mondi has a 93.19 per cent. interest in the company that owns the mill, Mondi Świecie S.A.
- (3) The Syktyvkar mill is operated by the UFP Business. Its total paper capacity is 995,000 tonnes of which 285,000 tonnes is attributable to the Corrugated Business.
- (4) The Štětí mill is operated by the Bags & Coatings Business. Its total paper capacity is 380,000 tonnes of which 110,000 tonnes is attributable to the Corrugated Business.
- (5) Mondi has a 63.39 per cent. interest in the company that owns the mill.

Corrugated packaging

The Corrugated Business has a network of 15 plants across Europe that produce corrugated packaging materials. Eleven of these plants are located in Emerging Europe (five in Poland and six in Turkey). The remaining plants are located in Austria and Germany.

5.1.4 Bags & Coatings Business

As a manufacturer of pulp, kraft paper and industrial bags, the Bags & Coatings Business is vertically integrated across the paper value chain. It also has a small presence in the plastic based flexible packaging sector.

(i) Products

The Bags & Coatings Business manufactures and sells a range of kraft papers and industrial bags for cement and other building materials, chemicals, food, animal feed and other applications, as well as release liner, extrusion coating and consumer flexible packaging products.

Kraft paper

Kraft paper products include various grades of high-strength paper made out of virgin fibre which are used in the production of industrial bags mainly used for the building industry, wrappings, consumer flexible packaging and paper-based speciality products. The Bags & Coatings Business both sells kraft paper to third parties and consumes it internally. Sack kraft paper is the main grade of kraft paper sold by the Bags & Coatings Business. In the year ended 31 December 2011, the Bags & Coatings Business' production of kraft paper was approximately 1.0 million tonnes, while consumption of kraft paper by the Group to make industrial bags and speciality products was approximately 0.7 million tonnes, giving a net market exposure in kraft paper of approximately 0.3 million tonnes.

Industrial bags

The Bags & Coatings Business makes industrial bag products such as valve and open mouth bags. It produced approximately 4.0 billion industrial bags in the year ended 31 December 2011.

Coatings

Release liner

The Bags & Coatings Business produces release liner products (siliconising on paper and polymer-coated papers and films) which are used in pressure sensitive adhesive industries for tapes, labels, graphic arts, hygienic, medical, fibre composite and industrial applications. The Bags & Coatings Business produced approximately 1.8 billion m² of release liner products in the year ended 31 December 2011.

Extrusion coatings

The Bags & Coatings Business produces extrusion-coated and laminated protective materials (polymer-coating on paper, board, aluminium and, nonwoven fabrics), which provide barriers against moisture, light, oxygen, grease, odours, aroma and gas diffusion for a wide range of custom made applications across the food, medical, pharmaceutical, pet food bag, industrial paper and packaging, building and automotive industries. For example, extrusion coated products include enhanced barrier materials applied in reel wrapping, ream wrapping, transport packaging and consumer packaging products. The Bags & Coatings Business produced approximately 1.5 billion m² of extrusion coated products in the year ended 31 December 2011.

Consumer flexible packaging

The Bags & Coatings Business produces films and laminates for consumer flexible packaging and converted consumer flexible packaging products, including stand-up pouches, paper and plastic bags and active packaging for convenience food. The Bags & Coatings Business produced approximately 0.7 billion m² of consumer flexible packaging products in the year ended 31 December 2011.

(ii) Plants

Kraft paper

The Bags & Coatings Business manufactures kraft paper at the following integrated and non-integrated mills:

<u>Site</u>	<u>Current use</u>	<u>Pulp capacity⁽¹⁾</u>	<u>Paper capacity⁽¹⁾</u>
		<i>(‘000 tonnes per annum)</i>	
Štětí, Czech Republic	Production of pulp and paper	440	270
Frantschach, Austria	Production of pulp and paper	278	290
Dynäs, Sweden	Production of pulp and paper	258	260
Ružomberok, Slovakia ⁽²⁾	Production of paper	–	66
Stamboljiski, Bulgaria	Production of pulp and paper	95	90
Lohja, Finland	Production of paper	–	75

Notes:

- (1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document.
- (2) The Ružomberok mill is operated by the UFP Business and the financial results of the entire mill are reported as part of the UFP Business. Mondi has a 51 per cent. interest in the mill. 35,000 tonnes per annum of pulp produced by the Ružomberok mill are utilised by the kraft paper machine on site for the production of kraft paper.

Industrial bags

The Bags & Coatings Business converts kraft paper and other materials into industrial bags at 37 converting operations, of which 17 are in western Europe, nine are in eastern Europe, five are in North America, five are in the Middle East and North Africa and one is in Asia. All the plants are wholly owned by Mondi apart from the plants in the Middle East, North Africa and Asia.

Coatings

The Bags & Coatings Business operates 21 release liner, extrusion coating and consumer flexible packaging plants, four of which are located in North America and the remainder in western and eastern Europe.

5.2 South Africa Division

5.2.1 Overview

The South Africa Division is a vertically integrated business which manufactures uncoated fine paper, kraftliner, woodchips and pulp. It produced 0.8 million tonnes of pulp in the year ended 31 December 2011, of which approximately 0.4 million tonnes were used in its paper making operations and the remainder was sold in the market.

In the year ended 31 December 2011, the South Africa Division achieved revenues of €0.6 billion, which (including inter-segment revenue) accounted for 10 per cent. of the Group’s revenues from continuing operations.

On 1 April 2011 the South Africa Division acquired the Paperlink business from MPSA. Paperlink is a paper merchant supplying mainly non-packaging paper grades to both the printing and retail sectors in the local market. Paperlink’s main sources of supply are the South Africa Division’s Merebank mill as well as overseas mills. Paperlink sold approximately 51,000 tonnes of paper in the year ended 31 December 2011.

5.2.2 Products

The South Africa Division divides its products into two categories: uncoated fine paper and other products and containerboard.

Uncoated fine paper and other products

In the year ended 31 December 2011, the South Africa Division produced approximately 0.2 million tonnes of uncoated fine paper, the majority of which was office paper. The South Africa Division has a number of "own brand" products including ROTATRIM, a leading office paper brand in South Africa. Additionally, in the year ended 31 December 2011, the South Africa Division sold approximately 0.2 million bone dry tonnes of woodchips and 0.3 million tonnes of pulp.

Containerboard

The South Africa Division produced approximately 0.3 million tonnes of white top kraftliner in the year ended 31 December 2011.

5.2.3 Plants and forestry operations

(i) Plants

The South Africa Division operates an integrated pulp and paper mill located in Richards Bay and a paper mill located in Merebank:

<u>Site</u>	<u>Current use</u>	<u>Pulp capacity⁽¹⁾</u>	<u>Paper capacity⁽¹⁾</u>
		<i>('000 tonnes per annum)</i>	
Richards Bay, South Africa	Production of pulp and paper	760	270
Merebank, South Africa	Production of paper	–	270

Notes:

(1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document.

(ii) Forestry operations

In South Africa, Mondi has forestry operations in the KwaZulu-Natal and Mpumalanga provinces. The South Africa Division manages 262,000 hectares of which 191,000 hectares are owned by the South Africa Division with the remaining 70,000 hectares leased mainly from third parties. Additionally, Mondi Shanduka Newsprint manages 47,000 hectares of forests of which 17,000 hectares are owned by Mondi Shanduka Newsprint. The remainder are leased mainly from the South Africa Division or third parties.

In South Africa, the Restitution of Land Rights Act 1994 provides remedies for persons who were dispossessed of rights in land as a result of past racially discriminatory laws or practices. The Land Claims Court is empowered to make orders requiring the restoration of land (or any portion thereof), the payment of compensation (including to the landowner), compelling the state to include a claimant as a beneficiary in the state support programme for housing or granting the claimant an appropriate right in alternatively designated state land or any alternative or appropriate relief. To date, 11 claims regarding Mondi holdings have been settled, with 19,200 hectares transferred to community beneficiaries; an agreement regarding the settlement of 32 claims in KwaZulu-Natal has been reached; and 39 claims remain outstanding in Mpumalanga. Under the settlements, structured as sale and leaseback arrangements, the South Africa Division retains ownership of the forests while ownership of the land is transferred to the claimant communities. It is anticipated that the claims settled to date will continue to provide a framework for settling future land claims. With the settlement of these land claims, Mondi estimates that approximately a further 106,000 hectares of its owned forestry land in South Africa remains subject to land claims. Mondi is permitted to continue to exploit the forests throughout the settlement process for the land claims.

On 19 March 2011 Mondi Limited signed an agreement with the South African Government Department of Rural Development and Land Reform in which both parties agreed to work together to expedite the settlement of the outstanding land claims in KwaZulu-Natal by 31 March 2013.

The 70,000 hectares of land on which the South Africa Division's forests are located are leased to Mondi mainly through leases with remaining terms varying from one to 20 years. Management believes, based on precedent in the agricultural sector in South Africa, that approximately one-third of this leased land may also be subject to land claims. Under South African law, these leases will remain unaffected by the land claims, and the Group will continue as lessee of the properties regardless of whether or not the land claims are successful. In certain instances, where feasible, Mondi is facilitating land claims settlements relating to the leased land on similar terms to those included in its own land claims settlements.

The South Africa Division sets annual wood harvesting targets based on good forestry management and using both commercial and sustainability considerations. The wood harvested from the South Africa Division's plantation forests is primarily eucalyptus, a hardwood species.

Of the total 262,000 hectares available to the South Africa Division, 177,000 hectares are forested, while the remainder is open area set aside as part of the criteria for the Forestry Stewardship Council Certification.

5.3 Newsprint businesses

5.3.1 Overview

The Newsprint businesses consist of Mondi Shanduka Newsprint and Aylesford Newsprint, both being proportionally consolidated joint ventures. The Merchant and Newsprint businesses achieved revenues attributable to the Group of €0.2 billion (including inter-segment revenue) in the year ended 31 December 2011 which accounted for 3 per cent. of Mondi's revenues in that period.

The Newsprint businesses operate the following mills:

Site	Current use	Pulp capacity ⁽¹⁾	Paper capacity ⁽¹⁾
		<i>('000 tonnes per annum)</i>	
Aylesford, UK	Production of newsprint	—	390
Merebank, South Africa	Production of newsprint	180	220

Notes:

(1) This table includes the full-year pulp and paper capacity for each mill as at the date of this document, not just the capacity attributable to Mondi.

5.3.2 Mondi Shanduka Newsprint

In the year ended 31 December 2011, Mondi Shanduka Newsprint produced approximately 217,000 tonnes of newsprint on two newsprint and telephone directory paper machines at its sole operation in Merebank, South Africa.

Mondi Shanduka Newsprint manages approximately 47,000 hectares of forests located in KwaZuluNatal in South Africa which are either owned by Mondi Shanduka Newsprint or leased from the South Africa Division and third parties. 26,000 hectares are forested while the remaining open area is set aside as part of the criteria for the Forestry Stewardship Council certification. These forests made Mondi Shanduka Newsprint self sufficient with regards to its virgin wood requirements in the year ended 31 December 2011.

5.3.3 Aylesford Newsprint

Aylesford Newsprint produced approximately 377,000 tonnes of newsprint in the year ended 31 December 2011, in the United Kingdom using 100 per cent. recovered fibre. Aylesford Newsprint operates a single site in Kent in the United Kingdom with a large de-inking plant and two waste-based newsprint paper machines.

6 Intellectual Property Rights

Mondi owns a significant number of registered trade marks, has made several additional trade mark applications and owns several patents and registered designs relevant to its packaging, office paper and newsprint businesses in the various jurisdictions in which the Group conducts such business. Its patents and patent applications principally cover inventions relating to packaging and containers (including containers with reinforced components, stacking formulations or locking mechanisms). The Group's registered design rights protection relates to various box and container designs. The Group intends to maintain its patent and trade mark portfolios and to file further applications for any patents or trade marks which it deems to be important to its business operations. Consistent with the industry in which it operates, the Group's operations are not dependent to a significant extent on its patents, registered designs or trade marks or on any licences of any intellectual property rights from third parties.

7 Recent Developments

Overall performance for the first quarter of 2012 was in line with the Group's expectations. As anticipated, the generally weaker trading environment seen towards the end of 2011 continued into the early part of the first quarter of 2012. The Group's operating profit before special items of €120 million in the period was below that achieved in the previous quarter (2011 Q4: €132 million) and below that achieved in the strong trading environment prevalent in the comparable prior year period (2011 Q1: €179 million).

Pleasingly, following the low levels of demand seen towards the end of the fourth quarter of 2011 and into the early part of 2012, there was a clear trend of improving demand during the first quarter of 2012, such that, on average, sales volumes were higher than the fourth quarter of 2011 across all paper grades. Similarly, although selling prices across all major paper grades were on average lower than those achieved in the fourth quarter of 2011, a trend of improving prices towards the end of the first quarter of 2012 was evident.

Cash flow from operations remained strong, with working capital levels maintained within the Group's targeted range.

The financial position of the Group as at 31 March 2012 remained robust with net debt reducing further from 31 December 2011 levels (€831 million) to €792 million. The successful completion of the tender offer to acquire the non-controlling interest in Mondi Świecie S.A., increasing the Group's holding to 93.19 per cent., resulted in a cash outflow of approximately €235 million in April 2012. The squeeze-out of the remaining non-controlling interest is expected to result in a further outflow of approximately €60 million in the second quarter of 2012.

Mondi Świecie S.A. announced that it had acquired the power and heat generating plant which provides most of its electricity requirements and all of its heat and steam needs with effect from 2 May 2012, for an enterprise value of approximately €100 million (subject to a claim of approximately €9 million against the selling party, Polish Energy Partners S.A.).

On 1 May 2012, S&P revised to positive from stable its outlook on Mondi. At the same time it affirmed its BBB- long term corporate credit rating and BBB- issue rating on the Group's senior unsecured debt.

DIRECTORS AND SENIOR MANAGEMENT

1 Directors and Senior Management

1.1 The Board

The Boards of the Guarantor and Mondi Limited are separate and subject to separate legal obligations to each respective company but comprise the same persons who are authorised, as Boards, to manage the Guarantor and Mondi Limited as if it were a unified economic enterprise. In addition to their duties to the company concerned, the Boards of the Guarantor and Mondi Limited have regard to the interests of the shareholders of both the Guarantor and Mondi Limited in the management of Mondi.

As at the date of this document, the names and positions of each of the Directors of the Guarantor and Mondi Limited are as follows:

Name	Nationality	Position	Other principal Activities
Cyril Ramaphosa	South African	Joint Chairman (Non-executive Director)	Executive Chairman of Shanduka Group (Proprietary) Limited. Non-executive chairman of telecommunications group MTN Group Limited, a non-executive director of brewing group SABMiller plc, mining group Lonmin plc, financial services groups Alexander Forbes Equity Holdings (Proprietary) Limited and Standard Bank Group Limited
David Williams	British	Joint Chairman (Non-executive Director)	Non-executive director of Dubai-based DP World Limited, Tullow Oil plc and Meggitt plc
David Hathorn	South African and Austrian	Chief Executive Officer (Executive Director)	None
Andrew King	South African and British	Chief Financial Officer (Executive Director)	None
Peter Oswald	Austrian	Chief Executive Officer Europe & International Division (Executive Director)	Non-executive director of Telekom Austria AG and president of respACT – austrian business council for sustainable development
Anne Quinn CBE	New Zealand and Irish	Senior Independent Non-executive Director	Non-executive director of Smiths Group plc
Imogen Mkhize	South African	Independent Non-executive Director	Chairman of Richards Bay Coal Terminal, director of energy group Sasol Limited, and Mobile Telephone Networks (Proprietary) Limited

Name	Nationality	Position	Other principal Activities
John Nicholas	British	Independent Non-executive Director	Non-executive director of Ceres Power Holdings plc, Hunting PLC and Rotork p.l.c.
Stephen Harris	British	Independent Non-executive Director	Chief Executive of Bodycote plc

The business address of the Directors listed above is Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG, United Kingdom in the case of the Guarantor and 4th Floor, No.3 Melrose Boulevard, Melrose Arch 2196, Gauteng, South Africa in the case of Mondi Limited.

1.2 Senior Management

As at the date of this document, the names and positions of the Guarantor's and Mondi's Limited senior management are as follows:

Name	Nationality	Position	Business address	Other Principal Activities
John Lindahl	Finnish	Group Technical Director	Building 1 1st Floor Aviator Park Station Road Addlestone Surrey KT15 2PG United Kingdom	None
Ron Traill	Scottish	Chief Executive Officer South Africa Division	Merebank Mill Travancore Drive Merebank KwaZulu Natal 4052 South Africa	None

With the exception of Cyril Ramaphosa, there are no potential conflicts of interest between any duties to the Guarantor or Mondi Limited of the directors and senior management referred to above and their private interests and/or other duties. Cyril Ramaphosa, Joint Chairman of Mondi, has a 29.6 per cent. stake in Shanduka Group (Proprietary) Limited, an entity that has controlling interests in Mondi Shanduka Newsprint (Proprietary) Limited, as further described in Note 39 of the audited consolidated financial statements of the Group, which are incorporated by reference in this Prospectus. A potential conflict of interest therefore exists since Cyril Ramaphosa is a Joint Chairman of Mondi but has interests in entities with which Mondi has entered into contracts.

TAXATION

The comments below apply only to persons who are the absolute beneficial owners of the Notes. They are of a general nature based on current United Kingdom law and HM Revenue & Customs practice and are not intended to be exhaustive. The comments below relate only to United Kingdom withholding tax treatment of payments of principal and interest in respect of the Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules apply. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of Noteholders depends on their individual circumstances and may be subject to change in the future. Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

The Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate, subject to the availability of other reliefs or exemptions or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes, HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2013.

Payments in respect of the Guarantee

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to United Kingdom withholding tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provision of any applicable double taxation treaty. In the event that the Guarantor is required to withhold any amounts in relation to payments it makes in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be grossed up as set out in Condition 8 of the Terms and Conditions.

EU Directive on the Taxation of Savings Income

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (and/or other similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period

they elect otherwise) apply a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain changes to the provisions of the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 4 May 2012 (the "Dealer Agreement") between the Issuer, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Each of the Dealers has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver a Note in bearer form within the United States or to U.S. persons except as permitted by the Dealer Agreement. The Notes are being offered and sold outside the United States in reliance on Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in certain transactions permitted by the U.S. tax regulations. Terms used in this paragraph have the meaning given to them by the United States Inland Revenue Code and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer or sell or, in the case of Bearer Notes, deliver Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified by the relevant Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by the relevant lead managers within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to

purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

Mondi Finance plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Mondi plc

under the €1,500,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [and the supplemental Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] and incorporated by reference into the Prospectus dated [original date] and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. The Prospectuses [and the supplemental Prospectus] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|---|--------|-----------------|-------------------|
| 1 | (i) | Issuer: | Mondi Finance plc |
| | (ii) | Guarantor: | Mondi plc |
| 2 | [(i)] | Series Number: | [●] |
| | [(ii)] | Tranche Number: | [●] |

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)

- 3 Specified Currency or Currencies: [●]
- 4 Aggregate Nominal Amount of Notes: [●]
- [[i)] Series: [●]
- [[ii)] Tranche: [●]
- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(if applicable)*]
- 6 (i) Specified Denominations: [●]
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*
- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- 8 Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
- 9 (i) Interest Basis: [● per cent. Fixed Rate]
 [[specify reference rate] +/- ● per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (specify)]
 (further particulars specified below)
- (ii) Step Down Rating Change or Step Up Rating Change: [Applicable/Not Applicable]
- [[iii)] Step Up Margin: [●] per cent. per annum
[Only applicable if item 9(ii) is applicable]

- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption] [Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
- [(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No.809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)]*
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
(iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [and , respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
[Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): in each year
- (iii) Fixed Coupon Amount[(s)]: per Calculation Amount
- (iv) Broken Amount(s): per Calculation Amount payable on the Interest Payment Date falling [in/on]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) [Determination Dates: in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long*

or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA))]

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (Not applicable unless different from Interest Payment Date)
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [●]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
- (x) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: 2006
- (xi) Margin(s): [+/-][●] per cent. per annum
- (xii) Minimum Rate of Interest: [●] per cent. per annum

- (xiii) Maximum Rate of Interest: per cent. per annum
- (xiv) Day Count Fraction:
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
- 17 Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: per cent. per annum
- (ii) Any other formula/basis of determining amount payable:
- 18 Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Interest Determination Date(s):
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Interest Period(s):

- (vii) Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre(s): [●]
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [●]
- 19 Dual Currency Note Provisions: *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining sub- paragraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give details]*
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Agent]): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

- 20 Call Option: *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining sub- paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:

- (a) Minimum Redemption Amount: per Calculation Amount
- (b) Maximum Redemption Amount: per Calculation Amount
- (iv) Notice period:
- 21 Put Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): per Calculation Amount
- (iii) Notice period:
- 22 Change of Control Put Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Change of Control Optional Redemption Amount and method, if any, of calculation of such amount, if different from that set out in the Conditions: [As set out in the Conditions/ per Calculation Amount]
- 23 Final Redemption Amount of each Note: per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked: *[If the Final Redemption Amount is linked to an underlying reference or security, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus which shall constitute a supplementary prospectus pursuant to Prospectus Rule 3-4 and Section 87G of the FSMA.]*
- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Agent):
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:

- (iv) Determination Date(s):
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Payment Date:
- (vii) Minimum Final Redemption Amount: per Calculation Amount
- (viii) Maximum Final Redemption Amount: per Calculation Amount
- 24 Early Redemption Amount: per Calculation Amount [*specify other/see Appendix*]
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Registered] [Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on days' notice]*
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]
- [Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
- 26 New Global Note: [Yes] [No]

* If the Temporary Global Note is exchangeable for Definitives at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in Paragraph 6 and multiples thereof

- | | | |
|----|---|---|
| 27 | Financial Centre(s) or other special provisions relating to payment dates: | [Not Applicable/give details.

<i>Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]</i> |
| 28 | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. If yes, give details] |
| 29 | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/give details] |
| 30 | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/give details] |
| 31 | Redenomination, renominatisation and reconventioning provisions: | [Not Applicable] |
| 32 | Consolidation provisions: | Not Applicable |
| 33 | Other final terms: | [Not Applicable/give details]

<i>(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i> |

DISTRIBUTION

- | | | |
|----|---------------------------------------|--|
| 34 | (i) If syndicated, names of Managers: | [Not Applicable/give names] |
| | (ii) Stabilising Manager(s) (if any): | [Not Applicable/give name] |
| 35 | If non-syndicated, name of Dealer: | [Not Applicable/give name] |
| 36 | U.S. Selling Restrictions: | [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable] |
| 37 | Additional selling restrictions: | [Not Applicable/give details] |

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the London Stock Exchange plc and admission to the official list of the UK Listing Authority of the Notes described herein pursuant to the €1,500,000,000 Euro Medium Term Note Programme of Mondi Finance plc.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [(Relevant third party information) has been extracted from (specify source)]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of MONDI FINANCE PLC:

By: _____
Duly authorised

Signed on behalf of MONDI PLC:

By: _____
Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc and admitted to the official list of the UK Listing Authority with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc and admitted to the official list of the UK Listing Authority with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [●]

2 RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Other]: []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- Insert one (or more) of the following options, as applicable:*
- [[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).]*
- [[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the [Notes] is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).]*
- [[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”).]*

[[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

3 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4 **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds:

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

[(iii) Estimated total expenses:

*(Delete unless the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies, in which case it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)**

5 **[Fixed Rate Notes only – YIELD**

Indication of yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies

6 **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]*.

7 **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained. Where the underlying is not specifiable, need to include equivalent information]*

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

8 **OPERATIONAL INFORMATION**

ISIN Code:

Common Code:

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s):

Names and addresses of additional Paying Agent(s) (if any):

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No] [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee for one of the ICSDs acting as a common safekeeper, that is, held under the

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

NSS] *[include this text for registered notes which are to be held under the NSS]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. *[[Include this text if “yes” selected in which case bearer Notes must be issued in NGN form]*

GENERAL INFORMATION

- (1) It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or about 9 May 2012. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
- (2) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme and the Guarantee. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 26 April 2012 and the giving of the Guarantee by the Guarantor was authorised by a resolution of the Board of Directors of the Guarantor passed on 21 February 2012 and a resolution of a committee of the Board of Directors of the Guarantor passed on 26 April 2012.

Mondi Limited has obtained all of the necessary consents, authorisations and approvals required for its execution of the Deed Poll Guarantee. The entry by Mondi Limited into the Deed Poll Guarantee was authorised by a resolution of the Board of Directors of Mondi Limited passed on 25 May 2007.

- (3) Save as disclosed under "Description of the Group - 7. Recent Developments" on page 81 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer, the Guarantor or Mondi Limited since 31 December 2011 and no material adverse change in the prospects of the Issuer, the Guarantor or Mondi Limited since 31 December 2011.
- (4) Mondi Limited was incorporated as Main Paper Company Limited under the Republic of South Africa's Companies Act 1926, in the Republic of South Africa as a company limited by shares with registered number 1967/013038/06 on 11 December 1967. Its name was changed to Mondi Valley Paper Company Limited on 30 December 1968, to Mondi Paper Company Limited on 16 January 1970, to Mondi Limited on 21 October 1994, to Mondi South Africa Limited on 2 November 2004 and back to Mondi Limited on 18 May 2007. Mondi Limited's registered office is at 4th Floor, No.3 Melrose Boulevard, Melrose Arch 2196, Gauteng, Republic of South Africa and its telephone number is +27 (0)11 994 5400.
- (5) Neither the Issuer nor the Guarantor nor Mondi Limited nor any of their respective subsidiaries is, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, Guarantor or Mondi Limited is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- (6) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (8) There are no material contracts entered into other than in the ordinary course of the Issuer's, the Guarantor's or Mondi Limited's business, which could result in the Issuer, the Guarantor or Mondi Limited being under an obligation or entitlement that is material to the Issuer's, the Guarantor's or Mondi Limited's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- (9) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer, the Guarantor and Mondi Limited are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (10) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes, save as set out in the relevant Final Terms.
- (11) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Guarantor:
 - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Agency Agreement;
 - (iii) the Deed Poll Guarantee;
 - (iv) the Articles of Association of the Issuer and the Guarantor and the Memorandum of Incorporation of Mondi Limited;
 - (v) the audited non-consolidated annual accounts of the Issuer for the two years ended 31 December 2010 and 31 December 2011 and the audited consolidated annual accounts of the Group for the two years ended 31 December 2010 and 31 December 2011;
 - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (vii) a copy of this Prospectus together with any supplement to this Prospectus or further prospectus; and
 - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.
- (12) Copies of the latest non-consolidated accounts of the Issuer and consolidated accounts of the Group and copies of the Trust Deed (including the Guarantee) will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (13) The consolidated accounts of the Group for the years ended 31 December 2010 and 31 December 2011 incorporated by reference in this document do not constitute statutory

accounts within the meaning of section 434 of the Companies Act 2006 (the "Act"). Statutory accounts for the financial years ended 31 December 2010 and 31 December 2011 have been delivered to the Registrar of Companies in England and Wales. The Group's auditors have made a report under section 495 of the Act on the last statutory accounts that was not qualified within the meaning of section 539 of the Act and did not contain a statement made under section 498(2) or section 498(3) of the Act. The report of the Group's auditors contained the following statement: "To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed".

- (14) Deloitte LLP of 2 New Street Square, London, EC4A 3BZ, (Chartered Accountants) and a member of the Institute of Chartered Accountants in England and Wales have audited, and rendered unqualified audit reports on, the accounts of the Issuer in accordance with United Kingdom Generally Accepted Accounting Practice and the accounts of the Group in accordance with International Financial Reporting Standards, in each case for the two years ended 31 December 2010 and 31 December 2011.
- (15) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, and Guarantor and their affiliates in the ordinary course of business.

REGISTERED OFFICE OF THE ISSUER

Mondi Finance plc
Building 1, 1st Floor
Aviator Park, Station Road
Addlestone
Surrey KT15 2PG
United Kingdom

REGISTERED OFFICE OF THE GUARANTOR

Mondi plc
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United Kingdom

TRUSTEE**Deutsche Trustee Company Limited**

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

ISSUE AND PRINCIPAL PAYING AGENT**Deutsche Bank AG, London Branch**

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1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR, PAYING AGENT AND TRANSFER AGENT**Deutsche Bank Luxembourg S.A.**

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ARRANGER**Barclays Bank PLC**

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Canary Wharf
London E14 4BB
United Kingdom

DEALERS**Barclays Bank PLC**

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in respect of English law

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in respect of English law

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