

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 11 of this Circular apply throughout this Circular, including this cover page (unless specifically defined where used or the context indicates a contrary intention).

Shareholders are referred to page 5 of this Circular, which sets out the action required of them with regard to the Mondi Limited General Meeting, full details of which are set out in this Circular. If you are in any doubt as to the action you should take, please consult your banker, broker, CSDP, legal adviser, accountant or other professional adviser immediately. If you have disposed of all your Mondi Limited Shares, then this Circular, together with the accompanying Form of Proxy and attached Form of Surrender (blue), should be handed to the purchaser of such Mondi Limited Shares or to the banker, broker, CSDP, legal adviser, accountant or other professional adviser through whom the disposal was effected.

Subject to certain exceptions, this Circular is being sent together with the Pre-listing Statement of Mpack Limited (the proposed new name for Mondi Packaging South Africa Limited).



MONDI LIMITED

(incorporated in the Republic of South Africa)

Registration Number: 1967/013038/06

JSE share code: MND ISIN: ZAE000097051

Proposed Demerger of Mpack Limited (the proposed new name for Mondi Packaging South Africa Limited): Circular to shareholders of Mondi Limited and Notice of the Mondi Limited General Meeting

regarding:

- the granting of shareholder approval, as required by Article 123 of the Mondi Limited Articles of Association, for Mondi Limited to distribute all of the Mpack Shares held by Mondi Limited to Mondi Limited Shareholders;
- the conversion of Mondi Limited Shares and Mondi Limited Special Converting Shares from shares with a par value to shares with no par value; and
- following the Demerger and as a Matching Action, the proposed consolidation of Mondi Limited Shares and Mondi plc Special Converting Shares;

including:

- the Notice of the Mondi Limited General Meeting convening a general meeting of Mondi Limited; and
- a Form of Surrender (blue) (attached) (for use by Certificated Mondi Limited Shareholders only);

enclosing a:

- Form of Proxy (**enclosed**) to be completed by Certificated Mondi Limited Shareholders and “own-name” Dematerialised Mondi Limited Shareholders for the Mondi Limited General Meeting.

Financial adviser and transaction sponsor to Mondi
Rothschild

Legal advisers to Mondi as to English and US law
Linklaters

Reporting Accountants and Auditors
Deloitte & Touche

Financial adviser and sponsor to Mpack
RMB

South African legal advisers to Mondi and Mpack
Webber Wentzel

Transfer Secretaries
Link Market Services

This Circular is available in English only. Shareholders of Mondi Limited are advised to read this document in conjunction with the Pre-listing Statement of Mpack which is sent to Mondi Limited Shareholders (other than Restricted Shareholders and US Shareholders) together with this Circular. Copies of these documents may be obtained by Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) from Mondi Limited, the Group’s website, Mondi’s financial adviser and the Transfer Secretaries, whose details are set out in the “Corporate Information and Advisers” section on page 3 of this Circular.

The distribution of this Circular into any jurisdiction other than the UK and South Africa may be restricted by law. Persons into whose possession this Circular and/or the accompanying Form of Proxy come should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Demerger is governed by the laws of South Africa.

This Circular does not constitute an offer to sell nor a solicitation to buy securities as such terms are defined under the US Securities Act. The Mpack Demerged Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or taken up, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Mpack Shares in the United States.

The Mpack Demerged Shares have not been and will not be registered under the securities laws of any Excluded Territory and may not be offered, sold or taken up, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws.

Subject to certain exceptions, US Shareholders will not receive any Mpack Demerged Shares pursuant to the Demerger. In addition, Restricted Shareholders will not be entitled to personally receive any Mpack Demerged Shares pursuant to the Demerger if such receipt may involve unduly onerous registration or approval requirements under local securities laws, as determined by the Directors in their sole discretion. The Mpack Demerged Shares due to such US Shareholders and Restricted Shareholders will be disposed of for cash in South Africa on the basis detailed in paragraph 9.2 of Part II of this Circular and pursuant to Regulation S under the US Securities Act, and the cash proceeds therefrom (translated into the relevant local currency from South African Rand at the ruling exchange rate at the relevant time and net of applicable fees, expenses, taxes and charges) will be distributed to such US Shareholders and Restricted Shareholders in proportion to their respective entitlements to Mpack Demerged Shares. There can be no assurance as to what price such US Shareholders and Restricted Shareholders will receive from the disposal of such Mpack Demerged Shares or the timing or exchange rate conversion of such receipt.

Date of issue: Tuesday, 31 May 2011

Forward-looking statements

Certain statements in this document constitute “forward-looking statements”. Generally, forward-looking statements can be identified by the use of words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions. All statements other than statements of historical facts included in this document and information incorporated by reference, including, without limitation, Mondi’s financial position, business strategy, plans and objectives of management or future operations (including development plans and objectives relating to Mondi’s products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause Mondi’s actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Mondi’s present and future business strategies and the environment in which it will operate in the future. Important factors that could cause Mondi’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, fluctuations in product prices and raw material costs in the paper and packaging industry; a period of high raw materials, energy or consumables costs; natural risks and hazards which could cause uninsurable losses and disruptions to Mondi’s forests; adverse economic and credit market conditions which may materially adversely affect Mondi’s ability to raise future debt or equity; exchange rate and interest rate fluctuations; political, economic and legal developments in countries where Mondi operates; changes in consumer preferences and Mondi’s failure to develop new products to meet changing consumer demand; Mondi’s customers and suppliers being exposed to risk, including the risks of default; and the highly competitive environment in which Mondi operates.

The forward-looking statements contained in this Circular speak only as at the date of this Circular. Subject to any obligations under the JSE Listings Requirements and the Companies Act and save as required by law or regulations, Mondi Limited undertakes no obligation or undertaking to update publicly or review any forward-looking statement contained herein whether as a result of new information, future developments or otherwise.

All subsequent written and oral forward-looking statements attributable to Mondi or individuals acting on behalf of Mondi are expressly qualified in their entirety by this section.

CORPORATE INFORMATION AND ADVISERS

Corporate information

Company Secretary

Philip Laubscher
4th Floor
No 3 Melrose Boulevard
Melrose Arch, 2196
Gauteng, South Africa

Registered office

4th Floor
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Melrose Arch, 2196
Gauteng
(Postnet Suite #444, Private Bag X1, Melrose Arch, 2076)
South Africa

Financial adviser and transaction sponsor to Mondi

Rothschild

NM Rothschild & Sons Limited
(Registration number: 925279)
New Court
St Swithin's Lane
London
EC4P 4DU
United Kingdom

NM Rothschild & Sons (South Africa) (Proprietary) Limited
(Registration number: 1999/021764/07)
1st Floor, Kagiso House
16 Fricker Road
Illovo, 2196
(PO Box 411332, Craighall, 2024)
South Africa

Financial adviser and sponsor to Mpact

Rand Merchant Bank, a division of FirstRand Bank Limited

(Registration number 1929/001225/06)
1 Merchant Place
Rivonia Road
Sandton, 2196
Johannesburg
(PO Box 786273, Sandton 2196)
South Africa

Legal adviser to Mondi and Mpact as to South African law

Webber Wentzel

10 Fricker Road
Illovo Boulevard
Illovo, 2196
(PO Box 61771, Marshalltown 2107
Johannesburg)
South Africa

Legal adviser to Mondi as to English and US law

Linklaters LLP

One Silk Street
London
EC2Y 8HQ
United Kingdom

Auditors and Reporting Accountants

Deloitte & Touche

The Woodlands
Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)
South Africa

Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited

(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)
South Africa

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ACTION REQUIRED BY MONDI LIMITED SHAREHOLDERS

The definitions and interpretations commencing on page 11 of this Circular have been used in this section.

1. **This Circular is important and requires your immediate attention.** Please take careful note of the following provisions regarding the action required by Mondi Limited Shareholders. If you are in any doubt as to the action you should take in relation to this Circular, please consult your stockbroker, CSDP, banker, attorney, accountant or other professional adviser immediately. If you have disposed of all your Mondi Limited Shares, please forward this Circular and accompanying Form of Proxy and Form of Surrender (blue) to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.
2. This Circular contains information relating to the proposed Demerger by Mondi Limited of the entire 89.55% stake in Mpack it will hold prior to the Demerger by way of a dividend *in specie* to Mondi Limited Shareholders in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, in the ratio of one Mpack Share for every one Mondi Limited Share held by Mondi Limited Shareholders at the close of business on the Demerger Record Date, expected to be Friday, 15 July 2011. Mpack will be listed on the JSE in the “Containers & Packaging” sector on the main board of the JSE. Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) are referred to the Pre-listing Statement for further information on Mpack. Copies of these documents may be obtained by Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders, in the case of the Pre-listing Statement) from the registered office of Mondi Limited, the financial advisers, Mpack’s sponsor and the Transfer Secretaries, whose details are set out in the “*Corporate Information and Advisers*” section on page 3 of this Circular.
3. The Mondi Limited General Meeting has been convened in terms of the Notice of the Mondi Limited General Meeting commencing on page 57 of this Circular for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions necessary to approve and implement the Demerger, the Mondi Limited Nominal Value Conversion, the Mondi Limited Consolidation and the Mondi plc SCS Sub-division and Consolidation. The Mondi Limited General Meeting will be held at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa, at 12:00 South African time on Thursday, 30 June 2011.
4. If you hold **Certificated Mondi Limited Shares**, you are entitled to attend in person or to be represented by proxy at the Mondi Limited General Meeting. If you are unable to attend the Mondi Limited General Meeting in person, but wish to be represented thereat by proxy, you must complete and return the accompanying Form of Proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000), by no later than 12:00 South African time on Tuesday, 28 June 2011.
5. If you have **dematerialised** your Mondi Limited Shares and:
 - 5.1 have “**own-name registration**”, you are entitled to attend in person or be represented by proxy at the Mondi Limited General Meeting. If you are unable to attend the Mondi Limited General Meeting in person, but wish to be represented thereat by proxy, you must complete and return the accompanying Form of Proxy, in accordance with the instructions contained therein, to be received by Mondi Limited’s Transfer Secretaries at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg (PO Box 4844, Johannesburg 2000), by no later than 12:00 South African time on Tuesday, 28 June 2011; or
 - 5.2 do not have “**own-name registration**”, you must not complete the accompanying Form of Proxy; your CSDP or broker should contact you in this regard. If your CSDP or broker has not contacted you, you are advised to contact your CSDP or broker as soon as possible and provide him with your voting instructions in the manner and by the cut-off time stipulated by the CSDP or broker. If your CSDP or broker does not obtain instructions from you, he will be obliged to act in terms of the agreement between you and your CSDP or broker. If you do wish to attend in person or be represented by proxy

at the Mondi Limited General Meeting, you must contact your CSDP or broker to issue the necessary letter of representation to enable you to attend in person or be represented by proxy at the Mondi Limited General Meeting.

Mondi Limited does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker, including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Mondi Limited Shares to notify such beneficial owner of the transactions set out in this Circular.

6. The attention of Mondi Limited Shareholders is drawn to the fact that, subject to the appropriate Conditions Precedent to the Demerger being fulfilled, each of those Mondi Limited Shareholders holding Certificated Mondi Limited Shares will receive a share certificate for the Mpac Demerged Shares due to them and will be required to dematerialise such share certificate in order to sell such Mpac Demerged Shares on the JSE. Mondi Limited Shareholders holding Dematerialised Mondi Limited Shares will have their accounts at their CSDP or broker credited in respect of the Mpac Demerged Shares due to them.
7. Share certificates in respect of Existing Mondi Limited Shares may not be dematerialised or rematerialised between Monday, 1 August 2011 and Friday, 5 August 2011, both days inclusive and after Friday, 29 July 2011 in the existing form.
8. Subject to the passing and registration of the Resolutions, it is necessary to surrender share certificates from Certificated Mondi Limited Shareholders in order to replace them with certificates reflecting the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation. Certificated Mondi Limited Shareholders are requested to complete the attached Form of Surrender (blue) in accordance with the instructions it contains and return it to the Transfer Secretaries at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg 2000), as more fully set out in paragraph 8 of Part II of this Circular.
9. Restricted Shareholders and, subject to certain exceptions, US Shareholders will not receive any Mpac Demerged Shares pursuant to the Demerger. A mechanism will be put in place so that the Mpac Demerged Shares due to such Restricted Shareholders and, subject to certain exceptions, the US Shareholders will not be delivered to such shareholders personally, but rather will be delivered, following the Demerger, to a third party in South Africa nominated by Mondi Group, which will hold such Mpac Demerged Shares on behalf of such Restricted Shareholders and US Shareholders. Mondi Limited or the third party shall coordinate the disposal of the Mpac Demerged Shares due to such Restricted Shareholders and US Shareholders for cash in South Africa on the basis set out in paragraph 9.2 of Part II of this Circular, and distribute the cash proceeds therefrom (translated into the relevant local currency from South African Rand at the ruling exchange rate at the relevant time net of applicable fees, expenses, taxes and charges) to such Restricted Shareholders and US Shareholders, in proportion to such shareholders' entitlement to Mpac Demerged Shares. There can be no assurance as to what price such Restricted Shareholders or US Shareholders will receive from the disposal of such Mpac Demerged Shares or the timing of such receipt or the exchange rate that is achieved in converting the proceeds of the disposal of such Mpac Demerged Shares from South African Rand into the relevant Restricted Shareholders' or US Shareholders' local currency. The disposal of Mpac Demerged Shares due to such Restricted Shareholders and US Shareholders will be made pursuant to Regulation S under the US Securities Act.
10. The Demerger is governed by the laws of the UK and South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations. The Demerger may be affected by the laws of the relevant jurisdictions of Mondi Limited Shareholders outside of the UK and South Africa. Such Mondi Limited Shareholders should inform themselves about, and observe any applicable legal requirements of, such jurisdictions in relation to all aspects of this Circular that may affect them, including the Demerger. Mondi Limited Shareholders outside of the UK and South Africa may be prohibited from continuing to beneficially hold the Mpac Demerged Shares distributed to them. It is the responsibility of any Mondi Limited Shareholder outside of the UK and South Africa to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Demerger, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction. Any Mondi Limited Shareholder outside of the UK and

South Africa who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate professional adviser in the relevant jurisdiction without delay. In this regard, the attention of Mondi Limited Shareholders outside of the UK and South Africa is drawn to paragraph 9 of Part II of this Circular which sets out in detail the position of Mondi Limited Shareholders outside of South Africa. In particular, Mondi Limited Shareholders outside of the UK and South Africa must take their own advice on whether they are entitled to continue beneficially to hold any Mpact Demerged Shares distributed to them and take the appropriate action in accordance with that advice. Mondi Limited Shareholders outside of the UK and South Africa are reminded that they may dispose of their Mondi Limited Shares prior to the last day to trade in Mondi Limited Shares on the JSE to participate in the Demerger (expected to be Friday, 8 July 2011), in which case they will not participate in the Demerger.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 11 of this Circular have been used in this section.

The Mondi Limited General Meeting	<i>2011</i>
Issue of the Notice of the Mondi Limited General Meeting	Tuesday, 31 May
Last day for lodging of Forms of Proxy for the Mondi Limited General Meeting by 12:00	Tuesday, 28 June
Mondi Limited General Meeting held at 12:00	Thursday, 30 June
Mondi plc General Meeting held at 11:00 UK time	Thursday; 30 June
Results of the Mondi Limited General Meeting released on SENS	Thursday, 30 June
Results of the Mondi Limited General Meeting published in the South African press	Friday, 1 July
The Demerger	
Finalisation Date, by no later than 17:00	Thursday, 30 June
Last day to trade in Mondi Limited Shares on the JSE to participate in the Demerger	Friday, 8 July
Mondi Limited Shares trade “ex” the entitlement to the Mpac Demerged Shares from the commencement of business	Monday, 11 July
Listing of Mpac Shares on the JSE under the share code “MPT” and ISIN AE000156501 from the commencement of business	Monday, 11 July
Demerger Record Date	Friday, 15 July
Demerger effected	Monday, 18 July
Share certificates in respect of Mpac Demerged Shares posted to Certificated Mondi Limited Shareholders posted on or about	Monday, 18 July
Dematerialised Mondi Limited Shareholders will have their accounts at their CSDP or broker updated with Mpac Demerged Shares on	Monday, 18 July
Announcement of apportionment of base cost for CGT purposes	Wednesday, 20 July
The Mondi Limited Consolidation and the Mondi Limited Nominal Value Conversion	
VWAP period	from 09:00 on Monday, 11 July to 17:00 on Thursday, 21 July
Mondi announcement in respect of the Consolidation Ratio	Friday, 22 July
Last day to trade in Existing Mondi Limited Shares with a par value of R0.20 each on	Friday, 29 July
New Mondi Limited Shares listed and commence trading at 09:00 under new ISIN AE000156550 and the same JSE code MND on	Monday, 1 August
Consolidation Record Date and record date for the Mondi Limited Nominal Value Conversion	Friday, 5 August
Mondi Limited Consolidation and Mondi Limited Nominal Value Conversion effected	Monday, 8 August
Replacement certificates in respect of New Mondi Limited Shares will be posted by registered post to Certificated Mondi Limited Shareholders whose share certificates have been received by 12:00 on Friday, 5 August 2011 on or about	Monday, 8 August
If share certificates have not been received by 12:00 on Friday, 5 August 2011, replacement share certificates in respect of New Mondi Limited Shares will be posted by registered post within five business days of receipt of the share certificates after	Monday, 8 August
Dematerialised Mondi Limited Shareholders will have their accounts at their CSDP or broker updated with New Mondi Limited Shares on	Monday, 8 August

Share certificates for Mpack Demerged Shares will be posted by registered mail to Certificated Mondi Limited Shareholders at the risk of such Certificated Mondi Limited Shareholders. Dematerialised Mondi Limited Shareholders will have their accounts at their CSDP or broker updated with such Mpack Demerged Shares.

Notes:

1. The above dates and times are indicative only and subject to change. Any changes to the above dates and times will be released on SENS and published in the press.
2. Unless otherwise indicated, all times given in this Circular are local times in South Africa.
3. Share certificates in respect of Mondi Limited Shares may not be dematerialised or rematerialised between Monday, 1 August 2011 and Friday, 5 August 2011, both days inclusive and after Friday, 29 July 2011 in the existing form.
4. These dates will only apply if the Conditions Precedent have been fulfilled by Thursday, 30 June 2011 so that the finalisation announcement can be released by 17:00 on Thursday, 30 June 2011 (the Finalisation Date).
5. If the Conditions Precedent have not been fulfilled by the Finalisation Date, the revised dates and times will be notified to Mondi Limited Shareholders and Mondi plc Shareholders by an announcement on SENS and in the press in accordance with the JSE Listings Requirements.

WHERE TO FIND HELP

If you have any questions in relation to the Demerger or the Mondi Limited Consolidation, please telephone the helpline on the numbers set out below. The helpline is available from 08:00 to 16:30 (South African time), Monday to Friday (except public holidays) and will remain open until Thursday, 30 June 2011.

Helpline for Mondi Limited Shareholders
011 713 0893 (from inside South Africa)
+27 11 713 0893 (from outside South Africa)

Please note that, for legal reasons, the helpline will only be able to provide information contained in this Circular and information relating to the Register and will be unable to give advice on the merits of the Demerger and the Mondi Limited Consolidation or to provide financial, tax or investment advice.

DEFINITIONS AND INTERPRETATIONS

For the purpose of this Circular and these definitions, the singular includes the plural and vice versa, natural persons include juristic persons and vice versa and one gender includes the other gender, any reference to any legislation shall be a reference to such legislation in force at the last practicable date and a reference to a “holding” or “subsidiary” company shall bear the meaning ascribed thereto by the Companies Act.

BBBEE	Broad Based Black Economic Empowerment
Boards	the Mondi plc board of directors and the Mondi Limited board of Directors
certificated or in certificated form	recorded in physical paper form on the Register without reference to the Strate system
Certificated Mondi Limited Shareholders	Mondi Limited Shareholders who hold Certificated Mondi Limited Shares
Certificated Mondi Limited Shares	Mondi Limited Shares held in certificated form
CGT	South African Capital Gains Tax
Circular	this document, being a circular to Mondi Limited Shareholders dated Tuesday, 31 May 2011
Class Rights Action	has the meaning given to it in the Mondi Limited Articles of Association
Companies Act	the South African Companies Act, 71 of 2008, as amended
Conditions Precedent	the conditions precedent to the Demerger and the Mondi Limited Consolidation, set out in paragraph 5 of Part II of this Circular
Consolidation Ratio	the ratio of the Mondi Limited Consolidation as calculated in accordance with the formula described in paragraph 4 of Part II of this Circular
Consolidation Record Date	the record date for the Mondi Limited Consolidation, expected to be Friday, 5 August 2011
CSDP	a “Participant” as defined in section 1 of the Securities Services Act
Deed Poll Guarantees	the deed poll guarantees in respect of Mondi plc or Mondi Limited (as the context may require)
Deloitte & Touche	Deloitte & Touche, auditors and reporting accountants to Mpac
Dematerialised Mondi Limited Shareholders	Mondi Limited Shareholders who hold Dematerialised Mondi Limited Shares
Dematerialised Mondi Limited Shares	Mondi Limited Shares trading on the JSE no longer evidenced by a tangible document of title and that have been incorporated into the Strate system and are recorded on the Register in electronic form in terms of the Securities Services Act
Demerger	as an unbundling transaction, the declaration and subsequent distribution as a dividend <i>in specie</i> by Mondi Limited of the Mpac Demerged Shares to Mondi Limited Shareholders on the Register on the Demerger Record Date (in terms of and subject to section 46 of the Companies Act and section 46 of the Income Tax Act and as authorised in the Mondi Limited Articles of Association) in the ratio of one Mpac Share for every one Mondi Limited Share held at the close of business on the Demerger Record Date, subject to the Conditions Precedent
Demerger Record Date	the record date for the Demerger, being the date on which Mondi Limited Shareholders must be recorded in the Register in order to participate in the Demerger, which date is expected to be Friday, 15 July 2011
Directors	the directors of Mondi Limited

Dividend Access Trust Deeds	the Mondi plc Dividend Access Trust Deed and the Mondi Limited Dividend Access Trust Deed (as defined in Mondi plc's articles of association and the Mondi Limited Articles of Association, respectively)
DLC Agreements	the Sharing Agreement, the Voting Agreement, the Dividend Access Trust Deeds, the Special Converting Shares Trust Deeds and the Deed Poll Guarantees, each as defined in the Mondi Limited Articles of Association
DLC Structure	the arrangement whereby, <i>inter alia</i> , Mondi plc and Mondi Limited have agreed to operate as a single corporate entity, with each company observing the principles applicable to the management and operation of the "dual listed company" structure that is in place for Mondi
EBITDA	underlying operating profit before special items, interest, taxes, depreciation and amortisation
Employee Share Plans	Mondi's employee share plans known as the Bonus Share Plan, Long Term Incentive Plan and Discretionary Share Option Plan adopted by Mondi plc and Mondi Limited and the Sharesave Option Plan and Share Incentive Plan adopted by Mondi plc only
Equalisation Ratio	the ratio of the economic and voting interests represented by a Mondi plc Share to the economic and voting interests of a Mondi Limited Share
Euro or €	the Euro, the lawful currency of the European Union
Exchange Control Regulations	restrictions applicable to residents and non-residents as to the remittance of funds from South Africa to a foreign country, including the Exchange Control Regulations of South Africa, as amended, promulgated in terms of Section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended
Excluded Territories and each an Excluded Territory	Australia, Canada and Japan
Existing Mondi Limited Shares	the ordinary shares in Mondi Limited, with a par value of R0.20 prior to the Mondi Limited Nominal Value Conversion, in issue as at the date of this Circular; and following the Mondi Limited Nominal Value Conversion, with no par value
Existing Mondi Limited Special Converting Shares	the Mondi Limited Special Converting Shares, with a par value of R0.20 prior to the Mondi Limited Nominal Value Conversion, in issue as at the date of this Circular; and following the Mondi Limited Nominal Value Conversion, with no par value
Existing Mondi plc Special Converting Shares	the Mondi plc Special Converting Shares with a par value of €0.20 each in the capital of Mondi plc, in issue as at the date of this Circular and having the rights set out in Mondi plc's articles of association
Finalisation Date	the date on which the last of the Conditions Precedent are fulfilled or waived, as the case may be, which date is expected to be Thursday, 30 June 2011
Form of Proxy	the form of proxy accompanying this Circular for use by Certificated Mondi Limited Shareholders in relation to the Mondi Limited General Meeting
Form of Surrender	the form of surrender for use by Certificated Mondi Limited Shareholders in order for such shareholders to exchange their documents of title in respect of Existing Mondi Limited Shares, for documents of title in respect of the New Mondi Limited Shares
Group or Mondi Group or Mondi	the Mondi plc Group and the Mondi Limited Group acting as a single economic entity under the DLC Structure

HMRC	Her Majesty's Revenue & Customs or any successor authority competent to impose any liability in respect of UK tax or responsible for the administration and/or enforcement of any law in relation to UK tax
Income Tax Act	the South African Income Tax Act, 58 of 1962, as amended
ISIN	International Securities Identification Number
JSE	JSE Limited, incorporated in South Africa under registration number 2005/022939/06, licensed as a securities exchange in terms of the Securities Services Act
JSE Listings Requirements	the listings requirements of the JSE, as amended from time to time
LSE	London Stock Exchange plc
Matching Action	the Mondi Limited Consolidation required to be effected in order to reduce Mondi Limited Shareholders' proportionate interest in the Group in order to compensate Mondi plc Shareholders for the value distributed to Mondi Limited Shareholders pursuant to the Demerger
Memorandum of Incorporation	Mondi Limited's memorandum of incorporation comprised of Mondi Limited's memorandum of association and the Mondi Limited Articles of Association
Mondi Limited	Mondi Limited, a company incorporated in South Africa with registration number 1967/013038/06, with its ordinary shares listed on the securities exchange of the JSE
Mondi Limited Articles of Association	the articles of association of Mondi Limited constituting part of the Memorandum of Incorporation
Mondi Limited Consolidation	following the Mondi Limited Nominal Value Conversion, the proposed consolidation of all Existing Mondi Limited Shares, to be achieved by consolidating each issued Existing Mondi Limited Share and each authorised but not issued Existing Mondi Limited Shares into New Mondi Limited Shares in accordance with the Consolidation Ratio
Mondi Limited DAS Share	the Mondi Limited DAS Share as defined in the Mondi Limited Articles of Association, held by SA Trust Co
Mondi Limited General Meeting	the general meeting of Mondi Limited to be held at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa on Thursday, 30 June 2011 at 12:00 (or any adjournment thereof), at the same time as the Mondi plc General Meeting
Mondi Limited Group	Mondi Limited and its subsidiaries from time to time
Mondi Limited Nominal Value Conversion	the Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited SCS Nominal Value Conversion
Mondi Limited Ordinary Share Nominal Value Conversion	the proposed conversion of all par value Mondi Limited Shares from being shares with par value to shares with no par value, in accordance with the Companies Act
Mondi Limited SCS Nominal Value Conversion	the proposed conversion of all Mondi Limited Special Converting Shares from being shares with par value to shares with no par value, in accordance with the Companies Act
Mondi Limited Shareholders	holders of Mondi Limited Shares
Mondi Limited Shares	prior to the Mondi Limited Consolidation, Existing Mondi Limited Shares; following the Mondi Limited Consolidation, the New Mondi Limited Shares
Mondi Limited Special Converting Shares	prior to the Mondi Limited Nominal Value Conversion, the Existing Mondi Limited Special Converting Shares; following the Mondi Limited Nominal Value Conversion, the New Mondi Limited Special Converting Shares

Mondi Limited Special Converting Shares Trust Deed	the declaration of trust entered into by Mondi plc, Mondi Limited and SA Trust Co which sets out the parties' rights and obligations in relation to the Mondi Limited Special Converting Shares
Mondi Ordinary Shares	the Mondi plc Shares and the Mondi Limited Shares, as applicable
Mondi plc	Mondi plc, a company incorporated in England and Wales with registered number 6209386, with its ordinary shares listed on the LSE and the JSE
Mondi plc General Meeting	the general meeting of Mondi plc to be held at One Silk Street, London EC2Y 8HQ, UK on Thursday, 30 June 2011 at 11:00 (UK time) (or any adjournment thereof), at the same time as the Mondi Limited General Meeting
Mondi plc Group	Mondi plc and its subsidiaries
Mondi plc SCS Sub-division and Consolidation	the proposed sub-division and consolidation of all Mondi plc Special Converting Shares, to be achieved by sub-dividing each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share and consolidating each interim Mondi plc Special Converting Share into one Mondi plc Special Converting Share of €0.20
Mondi plc Shareholders	holders of Mondi plc Shares
Mondi plc Shares	ordinary shares of €0.20 each in the capital of Mondi plc
Mondi plc Special Converting Shares	prior to the Mondi plc SCS Sub-division and Consolidation, the Existing Mondi plc Special Converting Shares; following the Mondi plc SCS Sub-division and Consolidation, the New Mondi plc Special Converting Shares
Mondi plc Special Converting Shares Trust Deed	the declaration of trust entered into by Mondi plc, Mondi Limited and UK Trust Co which sets out the parties' rights and obligations in relation to the Mondi plc Special Converting Shares
Mondi plc Special Voting Share	the Mondi plc Special Voting Share held by UK Trust Co, as defined in Mondi plc's articles of association
Mondi Special Converting Shares	the Mondi Limited Special Converting Shares and the Mondi plc Special Converting Shares
Mpact or Mondi Packaging	Mondi Packaging South Africa Limited (formerly Mondi Packaging South Africa (Proprietary) Limited) in the process of being renamed Mpact Limited, a 89.55% held subsidiary of Mondi Limited prior to the Demerger, incorporated in South Africa under registration number 2004/025229/06
Mpact Demerged Shares	Mpact Shares constituting 89.55% of the issued share capital of Mpact to be distributed by Mondi Limited to Mondi Limited Shareholders pursuant to the Demerger
Mpact Shares	ordinary shares of no par value in the issued share capital of Mpact
New Mondi Limited Shares	the new ordinary shares with no par value in Mondi Limited to be derived from the consolidation of Existing Mondi Limited Shares in accordance with the Consolidation Ratio
New Mondi Limited Special Converting Shares	the new Mondi Limited Special Converting Shares with no par value following the Mondi Limited Nominal Value Conversion
New Mondi plc Special Converting Shares	the new Mondi plc Special Converting Shares with a par value of €0.20 each following the Mondi plc SCS Sub-division and Consolidation
Notice of the Mondi Limited General Meeting	the notice convening the Mondi Limited General Meeting, as included in this Circular
pounds sterling, £, p or pence	the lawful currency of the UK

Pre-listing Statement	the pre-listing statement of Mpact, prepared and issued in accordance with the JSE Listings Requirements and dated on or about Tuesday, 31 May 2011
Qualifying Mondi Limited Shareholders	holders of Mondi Limited Shares recorded in the Register on the Demerger Record Date
Register	the register of Mondi Limited Shareholders
Resolutions	the resolutions set out in the Notice of the Mondi Limited General Meeting at the end of this Circular
Restricted Shareholders	Qualifying Mondi Limited Shareholders with a registered address in any Excluded Territory or who are located or resident in any Excluded Territory
Rothschild	N M Rothschild & Sons Limited at New Court, St Swithin's Lane, London EC4P 4DU, UK and NM Rothschild & Sons (South Africa) (Proprietary) Limited at 1st Floor, Kagiso House, 16 Fricker Road, Illovo, 2196, Gauteng, South Africa, transaction sponsor and financial adviser to the Mondi Group
SA Trust Co	the South African company established for the purpose of holding, <i>inter alia</i> , the Mondi Limited Special Converting Shares as trustee in terms of the DLC Structure
Securities Services Act	the (South African) Securities Services Act, 36 of 2004, as amended
SENS	Securities Exchange News Service of the JSE
Shanduka	Shanduka Packaging (Proprietary) Limited, incorporated in South Africa under registration number 2003/029838/07 and a wholly-owned subsidiary of the Shanduka Group
Shanduka Group	Shanduka Group (Proprietary) Limited, incorporated in South Africa under registration number 2001/004663/07, and its subsidiaries, which include Shanduka
Sharing Agreement	the DLC Structure Sharing Agreement entered into between Mondi plc and Mondi Limited dated 2 July 2007, as more fully defined in the Mondi Limited Articles of Association
South Africa or SA	the Republic of South Africa
South African rand, Rand or R	the lawful currency of South Africa
Special Converting Shares Trust Deeds	the Mondi plc Special Converting Shares Trust Deed and the Mondi Limited Special Converting Shares Trust Deed
STC	South African secondary tax on companies
Strate	the electronic trading, custody and settlement system for dealings on the JSE operated by Strate Limited
Strate Limited	Strate Limited, incorporated in South Africa under registration number 1998/022242/06
Transfer Secretaries	Link Market Services South Africa (Proprietary) Limited with offices at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000), South Africa
UK	the United Kingdom of Great Britain and Northern Ireland
UK Trust Co	the UK company established for the purpose of holding, <i>inter alia</i> , the Mondi plc Special Converting Shares as trustee
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US dollar	the lawful currency of the United States
US Securities Act	the US Securities Act of 1933

US Shareholders or US Holder	Mondi Limited shareholders with registered addresses in the US or who are located or resident in the US
Voting Agreement	the agreement made between Mondi plc, UK Trust Co, Mondi Limited and SA Trust Co dated 2 July 2007, which sets out the parties' rights and obligations in relation to the Mondi plc Special Voting Share (as defined in the Mondi Limited Articles of Association) and the voting rights attached to the Mondi Limited Special Converting Shares
VWAP	volume weighted average price
VWAP period	the first nine days of trading following the date of listing of Mpact on the JSE



Mondi Limited

(Incorporated in the Republic of South Africa)
(Registration number 1967/013038/06)
JSE share code: MND ISIN: ZAE000097051
("Mondi Limited" or the "Company")

CIRCULAR TO MONDI LIMITED SHAREHOLDERS

Directors

Cyril Ramaphosa* – Joint chairman
David Williams*⁺ – Joint chairman
David Hathorn – Chief Executive Officer
Andrew King – Chief Financial Officer
Peter Oswald – Chief Executive Officer: Europe & International Division
Stephen Harris*⁺
Imogen Mkhize*⁺
John Nicholas*⁺
Anne Quinn*⁺

* non-executive

+ independent

PART I

LETTER FROM THE JOINT CHAIRMEN OF MONDI

MONDI LIMITED

(Incorporated and registered in the Republic of South Africa under registration number 1967/013038/06)

Registered office:

4th Floor
No 3 Melrose Boulevard
Melrose Arch, 2196
Gauteng
South Africa

Mondi plc

(Incorporated and registered in England and Wales with registered number 06209386 and registered as an external company in South Africa under registration number 2007/014903/10)

Registered office:

Building 1, 1st Floor
Aviator Park, Station Road
Addlestone
Surrey KT15 2PG
UK

31 May 2011

Dear Shareholder,

Proposed Demerger and Mondi Limited Consolidation

1 Introduction

On Thursday, 7 April 2011, Mondi announced its intention to demerge Mondi Packaging and separately list it, under a new name, on the JSE. Its new name will be Mpack Limited. The Demerger will be implemented by way of a dividend *in specie* from Mondi Limited to Mondi Limited Shareholders on Monday, 18 July 2011 on the basis of one Mpack Share for every one Mondi Limited Share held by each such shareholder.

Mondi plc Shareholders will not be entitled to Mpack Demerged Shares; rather, they will receive the benefit of an appropriate adjustment, a “matching action” (for the purposes of the DLC Agreements), to reflect the value distributed by Mondi Limited to Mondi Limited Shareholders. The Boards have determined that a consolidation of the Existing Mondi Limited Shares is the most appropriate form of adjustment in the circumstances. The effect of the Mondi Limited Consolidation will be that Mondi plc Shareholders will collectively hold an increased interest in the Group. After the Demerger and the Mondi Limited Consolidation, Mondi Limited Shareholders will hold New Mondi Limited Shares as well as the newly listed Mpack Demerged Shares. The New Mondi Limited Shares will, as a result of the Mondi Limited Consolidation, replace the Existing Mondi Limited Shares and will represent, in aggregate, a correspondingly decreased proportionate interest in the Group. The Demerger, the Mondi Limited Consolidation and other adjustments described in this Circular will not affect the Equalisation Ratio used to determine the economic and voting interests represented by Mondi Limited Shares relative to the economic and voting interests of Mondi plc Shareholders, which will remain 1:1.

In terms of the Mondi Limited Articles of Association, Mondi Limited Shareholders are required to approve the payment of the Mpack Demerged Shares to the Mondi Limited Shareholders as a dividend *in specie*, by way of ordinary resolution. Also, in terms of the Companies Act, the Mondi Limited Consolidation will require the approval, by special resolution, of the Mondi Limited Shareholders. As set out in the Notice of the Mondi Limited General Meeting, these approvals will be sought at the Mondi Limited General Meeting. The Boards have determined that the Demerger and the Matching Action should also be subject to the approval of Mondi plc Shareholders. These approvals are by way of a Class Rights Action, as explained in the notes to the Notice of the Mondi

Limited General Meeting set out at the end of this Circular, under the DLC Agreements and accordingly, will not be effective unless passed by independent votes in favour by the Mondi Limited Shareholders and the Mondi plc Shareholders, respectively. In order to facilitate the Mondi Limited Consolidation, *inter alia*, the conversion, to shares of no par value, of the Mondi Limited Shares and Mondi Limited Special Converting Shares will be required, as more fully set out in paragraph 4 below.

The purpose of this Circular is to provide Mondi Limited Shareholders with information that the Boards believe to be material to such shareholders in deciding whether to approve the Demerger and the Mondi Limited Consolidation, including the background to and reasons for the Demerger and the Mondi Limited Consolidation and to explain why the Boards consider that the Demerger and the Mondi Limited Consolidation are in the best interests of the Group and its shareholders as a whole.

The Mondi Limited General Meeting will be held on Thursday, 30 June 2011 at 12:00 at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa. The Notice of the Mondi Limited General Meeting can be found at the end of this Circular and a Form of Proxy and Form of Surrender (blue) accompany this Circular.

A Pre-listing Statement relating to the listing of Mpack is posted to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) in the same envelope as this Circular and will be available to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders, in the case of the Pre-listing Statement) on the Mondi Group's website and for inspection at Mondi Limited's registered office and will also be available at the offices of the financial advisers and the Transfer Secretaries at and, during normal business hours, before the Mondi Limited General Meeting.

2 Rationale for the Demerger

Mpack is essentially southern African focused with most of its operations located throughout South Africa and with single plants located in Namibia, Mozambique and Zimbabwe. It is an integrated producer of corrugated packaging products, has a growing rigid plastics packaging business and is also involved in the production of cartonboard.

Mpack is unique within the Mondi Group as no other part of the Group produces rigid plastics or cartonboard. Mpack's primary growth opportunities going forward are expected to be in expanding the rigid plastics business, thereby diverging further from the Group's core strategic focus. The primary rationale for seeking a separate JSE listing for Mpack is that it will allow it to pursue its own growth strategy without the constraint of a shareholder that has differing strategic priorities. It is considered that a separate listing for Mpack, with the ability to independently access capital in support of its strategic objectives, is in the best interests of Mpack, the Group and related stakeholders, including employees. The Demerger thereby endorses Mpack's own strategy and provides a clear benefit as both the Group and Mpack will be able to take better advantage of their respective growth opportunities.

3 The Demerger

The Demerger will be implemented by way of a dividend *in specie* from Mondi Limited. Mondi Limited Shareholders' entitlement to the dividend *in specie* will be on the basis that each such shareholder will receive one Mpack Share for every one Mondi Limited Share held on the Demerger Record Date. Prior to the Demerger, it is intended that (i) Mondi Limited and Shanduka will subscribe for new Mpack Shares; (ii) certain shareholder loans made to Mpack will be repaid using the cash proceeds received from the new share subscription; and (iii) the Mpack Shares held by Mondi Limited's employee share ownership trust will be acquired by the Group, such that the Group's shareholding in Mpack will increase to 89.55% of the total number of Mpack Shares in issue following the new share issue and Shanduka's shareholding will reduce to 10.45%. It is the totality of this resulting interest in Mpack held by the Group which will be distributed to Mondi Limited Shareholders by way of the Demerger.

Further information on Mpack is set out in Part II of this Circular and in the Pre-listing Statement, which will be sent to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) in the same envelope as this Circular and will be available to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) on the Mondi Group's website, at Mondi Limited's registered office and also at the

offices of the financial advisers and the Transfer Secretaries at and, during normal business hours, before the Mondi Limited General Meeting.

4 The Mondi Limited Nominal Value Conversion

The Companies Act, which came into effect on 1 May 2011, *inter alia*, limits Mondi Limited's ability to restructure its par value share capital, subject to certain transitional arrangements. In order to enable the Mondi Limited Consolidation, having regard to the provisions of the Companies Act, it is proposed that resolutions be passed (in the case of Mondi Limited, as special resolutions) that each issued and each authorised but unissued Mondi Limited Share and Mondi Limited Special Converting Share be converted from a share with par value to a share with no par value prior to the Mondi Limited Consolidation.

As required by the Companies Act and the regulations promulgated thereunder, the Directors have caused a report to be prepared setting out the effects, if any, of the Mondi Limited Nominal Value Conversion, which is set out in Annexure 2 to this Circular. A related amendment to the Memorandum of Incorporation is also being made, as set out in the Notice of the Mondi Limited General Meeting. Other than having no par value, the Mondi Limited Nominal Value Conversion will have no effect on the trading of or rights attaching to Mondi Limited Shares or Mondi Limited Special Converting Shares. The Mondi Limited Nominal Value Conversion will not affect the Equalisation Ratio or Mondi Limited's tax position.

For more information on the effects of the Mondi Limited Nominal Value Conversion, please see Annexure 2 of this Circular.

5 The Mondi Limited Consolidation

A consolidation of the Mondi Limited Shares owned by Mondi Limited Shareholders, the effect of which will be to reduce their proportionate interest in the Group as a result of the reduction in the number of Mondi Limited Shares, will be undertaken in order to compensate Mondi plc Shareholders for the value distributed to Mondi Limited Shareholders under the Demerger. A description of the Mondi Limited Consolidation, which will be implemented in accordance with the formula set out in paragraph 4 of Part II of this Circular, is set out in this paragraph.

The Mondi Limited Consolidation is intended to have, as far as practicable, an equivalent but not necessarily identical economic effect on Mondi plc Shareholders to the economic effect on Mondi Limited Shareholders of demerging the Mpack Demerged Shares to those shareholders. The total number of New Mondi Limited Shares held by Mondi Limited Shareholders after the Mondi Limited Consolidation will be determined by reference to the VWAP of Mpack Shares traded on the JSE, the VWAP of Existing Mondi Limited Shares traded on the JSE and the VWAP of Mondi plc Shares traded on the LSE and the JSE, in each case during the VWAP period. A formula for determining the number of New Mondi Limited Shares is set out in paragraph 4 of Part II of this Circular. The formula has been designed to ensure that the benefit per Mondi plc Share received by each Mondi plc Shareholder as a result of the Mondi Limited Consolidation matches as closely as possible the value per Mondi Limited Share received (in the form of the Mpack Demerged Shares) by each Mondi Limited Shareholder pursuant to the Demerger. Because Mondi Limited Shares will trade in pre-consolidated form until Monday, 1 August 2011 (the intended date for consolidation into the New Mondi Limited Shares), the formula calculates a theoretical post-consolidation price based on the VWAP of Existing Mondi Limited Shares and Mondi plc Shares, as well as Mpack Shares.

For illustrative purposes only, should the equity value of Mpack attributable to Mondi Limited Shareholders during the VWAP period be between R2 billion and R3 billion, using the current Mondi Limited Share and Mondi plc Share VWAPs of R65.02, R67.82 and 607.7p, respectively (being the VWAPs on Thursday, 19 May 2011), following the Mondi Limited Consolidation, the number of New Mondi Limited Shares in issue would reduce to between approximately 117 and 102 million from the current 147 million Existing Mondi Limited Shares. This equates to a consolidation of between approximately 20.3 and 30.4% of the Existing Mondi Limited Shares. Based on these assumptions, following the Demerger and the Mondi Limited Consolidation, the ordinary share capital of Mondi Limited would represent between 24.2 and 21.8% of the aggregate combined ordinary share capital of the Group, as compared to the current 28.6%. The actual number of New Mondi Limited Shares to be derived from Existing Mondi Limited Shares will depend on the actual VWAPs of Mpack Shares, Mondi Limited Shares and Mondi plc Shares at the relevant time (as set out in the formula in paragraph 4 of Part II of this Circular) and may be higher or lower than these indicative figures.

Mondi Limited Shareholders should note that the share prices of Mondi Limited Shares, Mondi plc Shares and Mpack Shares during the VWAP period may go up or down, which will have an effect on the Consolidation Ratio. Consequently, Mondi Limited Shareholders should note that because the ratio of the Mondi Limited Consolidation will be determined by the trading of the Mondi Limited Shares, Mondi plc Shares and Mpack Shares during the VWAP period, there is a risk that the proportionate interest in the Group held by Mondi Limited Shareholders may be lower or higher than estimated in the example above.

It is expected that the New Mondi Limited Shares will begin trading on Monday, 1 August 2011 and the Mondi Limited Consolidation will become effective on Monday, 8 August 2011.

As a result of the Mondi Limited Consolidation, it will be necessary to make certain adjustments to the Mondi plc Special Converting Shares to ensure that, in accordance with the principles of the DLC Structure, the relevant equivalent number of Mondi plc Special Converting Shares issued by Mondi plc (by reference to the number of New Mondi Limited Shares) remains in issue and that the Mondi plc Special Converting Shares issued by Mondi plc have the appropriate par value. The Resolutions also address these requirements. Further information is set out in Part II of this Circular.

6 Effect of the Demerger and the Mondi Limited Consolidation on Mondi

The Demerger and the Mondi Limited Consolidation are not expected to have a material impact on Mondi's earnings per share and gearing and the Mondi Limited Nominal Value Conversion will have no effect on Mondi's earnings per share and gearing. For the 12 months ended 31 December 2010, Mpack made up €51 million (R485 million) (approximately 10%) of Mondi's underlying operating profit and €278 million (R2,467 million) (approximately 9%) of Mondi's net assets.

The Mondi Limited Consolidation is intended to reduce the number of issued Mondi Limited Shares by approximately the same value as the value of the Mpack Demerged Shares received by Mondi Limited Shareholders. There will be no effect on the number of Mondi plc Shares held by Mondi plc Shareholders, although, as described above, the proportionate shareholding interest in the Group, following the Demerger, represented by the Mondi plc Shares will increase and, accordingly, there will be an increase in the Mondi plc Shareholders' aggregate proportionate economic and voting interest in Mondi. The Mondi Limited Consolidation, accordingly, will compensate Mondi plc Shareholders for the value of Mpack Demerged Shares received only by Mondi Limited Shareholders, which, as far as practicable, will have an equivalent but not necessarily identical economic effect on Mondi plc Shareholders to the economic effect of demerging Mpack Shares to Mondi Limited Shareholders.

The Demerger and the Mondi Limited Consolidation will not affect the Equalisation Ratio used to determine the economic and voting interests represented by Mondi Limited Shares relative to the economic and voting interests of Mondi plc Shares, which will remain 1:1. This means, for example, that the amount of any cash dividend paid in respect of each Mondi Limited Share will normally be matched by an equivalent cash dividend in respect of each Mondi plc Share, and *vice versa*.

Mondi has a dividend policy that reflects its strategy of disciplined and value creating investment and growth with the aim of offering shareholders long-term dividend growth. Mondi targets a dividend cover range of two to three times on average over the cycle, although the payout ratio in each year will vary in accordance with the business cycle and is subject to Mondi having sufficient distributable reserves. This policy will not change as a result of the Demerger and Mondi Limited Consolidation.

The Mondi Limited Group currently has a "Level 3 Contributor" rating in terms of the Codes of Good Practice on BBBEE in South Africa (the "BBBEE Codes"). Following the Demerger, Mondi anticipates retaining an acceptable and competitive BBBEE rating. Given the broad based nature of the scorecard in terms of the BBBEE Codes, with ownership being only one of 7 elements used to measure compliance, it is not considered necessary to pursue any equity related initiatives to maintain an acceptable BBBEE rating.

7 Employee Share Plans

Options and awards will continue to subsist over Mondi plc Shares and Mondi Limited Shares and their value is expected to be largely preserved by the Mondi Limited Consolidation, with the result that it is not considered necessary to adjust their terms.

As a result of the Demerger, all Mpack employees will cease to participate in the Employee Share Plans. Full details will be supplied to all participants.

8 Related party transaction

Prior to the Demerger and listing of Mpack, certain Group and Shanduka shareholder loans will be repaid using the cash proceeds received from new share subscriptions by Mondi Limited and Shanduka. The value of the Shanduka shareholder loans to be repaid is R168m. Shanduka Group, holding company of Shanduka, is a related party of the Group for the purpose of the "Listing Rules" of the LSE as Cyril Ramaphosa, joint chairman of the Group, has a 33.1% shareholding in Shanduka Group, which, being in excess of 30%, results in Shanduka Group being an "associate" of Mr Ramaphosa for the purposes of the "Listing Rules" of the LSE and therefore a related party for the purposes of those rules. For the purposes of the JSE Listings Requirements, Shanduka is not treated as a related party.

9 Mondi Limited General Meeting

You will find set out at the end of this Circular the Notice of the Mondi Limited General Meeting, to be held on Thursday, 30 June 2011 at 12:00 at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa. The Mondi Limited General Meeting is being held for the purpose of considering and voting on the Resolutions. A summary and explanation of the approval process is set out below. You should read this section in conjunction with the Resolutions in the Notice of the Mondi Limited General Meeting at the end of this Circular.

Shareholders of both Mondi plc and Mondi Limited will be asked to vote on various resolutions to approve the Demerger, the Mondi Limited Nominal Value Conversion, the Mondi Limited Consolidation and make amendments to the Memorandum of Incorporation and adjustments to the Mondi plc Special Converting Shares consequent thereon. Each resolution must be approved in order for the Demerger, the Mondi Limited Consolidation and other adjustments described in this Circular to be implemented.

The key steps to implement the Demerger and the Mondi Limited Consolidation are:

Mondi Limited Shareholders will be asked to vote on and approve:

- a resolution approving the Demerger and authorising the payment of the Mpack Shares as a dividend *in specie* to Mondi Limited Shareholders, as an ordinary resolution in the terms of Article 123 of the Mondi Limited Articles of Association;
- a resolution approving the amendment to the Memorandum of Incorporation to provide for the consolidation of no par value shares, as a special resolution;
- resolutions approving the Mondi Limited Nominal Value Conversion, as special resolutions;
- a resolution approving the Mondi Limited Consolidation, as a special resolution;
- a resolution endorsing the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue, as an ordinary resolution (as more fully explained in paragraph 7.2 of Part II of this Circular); and
- a resolution authorising the Directors and the directors of Mondi plc to do all things on behalf of Mondi Limited or Mondi plc that may be required in order to give effect to and implement the Resolutions, as an ordinary resolution.

Mondi plc Shareholders will be asked to vote on and approve, as ordinary resolutions:

- a resolution endorsing the Demerger and authorising the payment of the Mpack Shares as a dividend *in specie* to Mondi Limited Shareholders;
- a resolution approving the amendment to the Memorandum of Incorporation to provide for the consolidation of no par value shares;
- a resolution approving the Mondi Limited Nominal Value Conversion;
- a resolution approving the Mondi Limited Consolidation;
- a resolution approving the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue; and

- a resolution authorising the directors of Mondi plc and the Directors to do all things on behalf of Mondi plc or Mondi Limited that may be required in order to give effect to and implement the Resolutions.

If any of the above resolutions are not passed, the Demerger, the Mondi Limited Consolidation and other adjustments described in this Circular will not be implemented. If for any reason the listing of Mpact does not occur, the Demerger and the Mondi Limited Consolidation will not occur.

Your Boards' recommendation is set out at the end of this letter.

10 Effect of the Demerger and the Mondi Limited Consolidation on the listings of Mondi Limited and Mondi plc and Exchange Control Regulations

The Demerger, the Mondi Limited Consolidation and other adjustments described in this Circular will not affect Mondi plc's listings on the LSE and the JSE or Mondi Limited's listing on the JSE, other than that Mondi Limited Shares will trade on the JSE under a new ISIN following the Mondi Limited Consolidation.

In compliance with the JSE Listings Requirements, the Group has obtained the approval of the Exchange Control Department of the South African Reserve Bank in respect of the Demerger and the Mondi Limited Consolidation.

11 Action to be taken

Set out on page 5 of this Circular are details of the action you are required to take, depending on whether you are a Certificated Mondi Limited Shareholder, Dematerialised Mondi Limited Shareholder with "own name" registration or Dematerialised Mondi Limited Shareholder without "own name" registration.

12 Further information

Your attention is drawn to the information set out in the Pre-listing Statement and also to the further details of the terms of the Demerger and the Mondi Limited Consolidation, the information on taxation, exchange control, the background information on Mpact and the *pro forma* statements of financial position and income set out in Parts II to VI of this Circular.

13 Board recommendation and Directors' intentions

The Boards consider the Demerger, the Mondi Limited Nominal Value Conversion, the Mondi Limited Consolidation, the amendments to the Memorandum of Incorporation and the adjustments to the Mondi plc Special Converting Shares to be in the best interests of Mondi and its shareholders as a whole. Accordingly, the Boards recommend that Mondi Limited Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings, being in aggregate 44,756 Mondi Limited Shares, which represent 0.03% of all Mondi Limited Shares in issue as at Thursday, 19 May 2011. Mr Ramaphosa, as executive Chairman of Shanduka Group and a shareholder in the Shanduka Group, did not take part in the Boards' consideration of the Demerger and the Mondi Limited Consolidation.

Yours sincerely

Cyril Ramaphosa
Joint chairman

David Williams
Joint chairman

PART II

FURTHER DETAILS OF THE TERMS OF THE DEMERGER AND THE MONDI LIMITED CONSOLIDATION

1 The Demerger

Having considered the various separation options for Mpact, the Boards decided that the Demerger would be the most appropriate route. Immediately prior to the Demerger, Shanduka will hold a stake of 10.45% of the entire issued share capital of Mpact and has undertaken to remain invested in Mpact for a period of 180 days following the Demerger.

Immediately prior to the Demerger, Mondi Limited will hold a stake of 89.55% of the entire issued share capital of Mpact.

The individual entitlements of Mondi Limited Shareholders to receive the Mpact Demerged Shares will be calculated by reference to their holdings of Existing Mondi Limited Shares on the Demerger Record Date.

The Demerger, if it proceeds, is proposed to be effected by the payment, as a dividend *in specie*, of the Mpact Demerged Shares to Mondi Limited Shareholders, following the satisfaction of the conditions outlined below. The dividend *in specie* will result in Mondi Limited's shareholding in Mpact being transferred to Mondi Limited Shareholders on the basis of one Mpact Demerged Share for every one Mondi Limited Share held on the Demerger Record Date. It is proposed that the payment of the dividend *in specie* will be on Monday, 18 July 2011 and the Demerger will become effective on that date.

2 The Demerger documents

Various agreements have been entered into between Mondi Limited and Mpact in connection with the Demerger. These include (i) a framework separation agreement which, *inter alia*, regulates certain aspects of the commercial relationship between Mondi Limited and Mpact and the provision of certain services by Mondi Limited to Mpact post-implementation of the Demerger; (ii) a sale agreement in terms of which the business conducted by Mpact's recycling division prior to the Demerger will be disposed of as a going concern to Main Street 856 (Proprietary) Limited and Mondi Limited will acquire a 25% stake in Main Street 856 (Proprietary) Limited while Mpact will hold a 75% interest; (iii) a sale of business agreement between Mondi Limited and Mpact dated 30 March 2011, in terms of which Mpact disposed of Paperlink, its paper merchant division to Mondi Limited as a going concern, with effect from 1 April 2011, for a consideration of R93 million, payable in cash; and (iv) various arm's length product supply/off-take agreements.

The purpose of these agreements is to reorganise the business, to facilitate an orderly and expedient separation of Mpact from Mondi Limited and to provide for responsibility for certain liabilities between the parties.

Summary points from the framework separation agreement

- Following the Demerger, Mondi Limited has agreed to: (i) transfer certain intellectual property owned by Mondi Limited and utilised by Mpact in the conduct of its business prior to the Demerger into the name of Mpact; or (ii) enter into certain intellectual property licensing agreements with Mpact in respect of certain intellectual property owned by Mondi Limited and utilised by Mpact in the conduct of its business prior to the Demerger.
- Mondi Limited has agreed to facilitate the ongoing transfer of certain immovable property owned or leased by Mondi Limited and utilised by Mpact in the conduct of its business into the name of Mpact.
- Mondi Limited has undertaken in favour of Mpact that for a period of two years after implementation of the Demerger it shall not manufacture for sale unbleached "kraftliner" (containerboard primarily manufactured from virgin fibre and used as a liner board) in South Africa. This undertaking relates exclusively to the Mondi operations in South Africa and excludes any unbleached kraftliner production outside South Africa.

Conditions to the framework separation agreement

The obligations of the parties under the framework separation agreement (other than certain preliminary obligations) are conditional upon:

- (i) approval of the Demerger by the Mondi Limited Shareholders and the Mondi plc Shareholders;
- (ii) the Mpack Shares being admitted to the list of the JSE and to trading on its market for listed securities; and
- (iii) the Demerger being implemented.

3 The Mondi Limited Nominal Value Conversion

The Companies Act, which came into effect on 1 May 2011, *inter alia*, limits Mondi Limited's ability to restructure its par value share capital, subject to certain transitional arrangements. In order to enable the Mondi Limited Consolidation, having regard to the provisions of the Companies Act, it is proposed that resolutions be passed (in the case of Mondi Limited, as special resolutions) that each issued and each authorised but unissued Mondi Limited Share and Mondi Limited Special Converting Share be converted from a share with par value to a share with no par value prior to the Mondi Limited Consolidation.

As required by the Companies Act and the regulations promulgated thereunder, the Directors have caused a report to be prepared setting out the effects, if any, of the Mondi Limited Nominal Value Conversion, which is set out in Annexure 2 to this Circular. A related amendment to the Memorandum of Incorporation is also being made, as set out in the Notice of the Mondi Limited General Meeting. Other than having no par value, the Mondi Limited Nominal Value Conversion will have no effect on the trading of or rights attaching to Mondi Limited Shares or Mondi Limited Special Converting Shares. The Mondi Limited Nominal Value Conversion will not affect the "Equalisation Ratio" used to determine the economic and voting interests represented by Mondi Limited Shares relative to the economic and voting interests of Mondi plc Shares, which will remain 1:1; or Mondi Limited's tax position.

For more information on the effects of the Mondi Limited Nominal Value Conversion, please see Annexure 2 of this Circular.

4 The Mondi Limited Consolidation

A consolidation of the Mondi Limited Shares owned by Mondi Limited Shareholders, the effect of which will be to reduce their proportionate interest in the Group as a result of the reduction in the number of Mondi Limited Shares, will be undertaken in order to compensate Mondi plc Shareholders for the value distributed to Mondi Limited Shareholders under the Demerger. The Mondi Limited Consolidation will be implemented in accordance with the formula set out below.

The Mondi Limited Shareholders whose Mondi Limited Shares will be consolidated will be those recorded in the Register at the Consolidation Record Date.

The Consolidation Record Date is expected to be Friday, 5 August 2011 (with the last day to trade Existing Mondi Limited Shares expected to be Friday, 29 July 2011).

The total number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders will be determined by reference to the price of Mpack Shares (as measured by the VWAP of Mpack Shares traded on the JSE during the VWAP period), the price of Existing Mondi Limited Shares (as measured by the VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period) and the price of Mondi plc Shares (as measured by the VWAP of Mondi plc Shares traded on the LSE and the JSE during the VWAP period).

The total number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders will be determined by the following formula:

$$A = B - \frac{(C \times D)}{E}$$

where:

- A = Number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders;
- B = Number of Existing Mondi Limited Shares in issue one day prior to the intended date of the Mondi Limited Consolidation;
- C = VWAP of Mpack Shares traded on the JSE during the VWAP period;

- D = Number of Mpack Shares to which Mondi Limited Shareholders are entitled⁽¹⁾; and
- E = Theoretical post-consolidation price calculated based on the VWAP of Mpack Shares traded on the JSE, the VWAP of Existing Mondi Limited Shares traded on the JSE and the VWAP of Mondi plc Shares traded on the LSE and the JSE, in each case during the VWAP period. E will be determined by the following formula:

$$E = \frac{(C \times D) + (F \times B) + (G \times H)}{(B + H)}$$

where:

- F = VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period;
- G = VWAP of Mondi plc Shares traded on the LSE and the JSE during the VWAP period⁽²⁾; and
- H = Number of Mondi plc Shares in issue one day prior to the intended date of the Mondi Limited Consolidation.

A worked example, for illustrative purposes only, is set out in paragraph 6 of this Part II.

Mondi Limited Shareholders whose holdings of Mondi Limited Shares cannot be consolidated into an exact number of New Mondi Limited Shares will have any fractions arising rounded in accordance with the usual JSE principles.

The proportion of the issued ordinary share capital of Mondi Limited held by each Mondi Limited Shareholder following the Mondi Limited Consolidation will, save for rounding in accordance with usual JSE principles, remain unchanged.

Other than having no par value, the New Mondi Limited Shares will carry the same rights in all respects that attach to the Existing Mondi Limited Shares. The New Mondi Limited Shares will carry the voting rights and rights to share in any surplus on winding-up as provided in the Mondi Limited Articles of Association. However, as a result of the Mondi Limited Consolidation, there will be a decrease in the Mondi Limited Shareholders' aggregate proportionate economic and voting interest in Mondi.

Subject to approval of the Demerger, the Mondi Limited Consolidation and the other adjustments described in this Circular at the Mondi plc General Meeting and at the Mondi Limited General Meeting and the Demerger being implemented, Mondi Limited expects to despatch share certificates, against the surrender of certificates of title of Existing Mondi Limited Shares, in respect of the New Mondi Limited Shares to Mondi Limited Shareholders on the Register, and to credit CSDPs' or brokers' accounts, on Monday, 8 August 2011.

5 Conditions Precedent

The Demerger and the Mondi Limited Consolidation are conditional (amongst other things) on the approval of the Resolutions at the Mondi plc General Meeting and the Mondi Limited General Meeting, as appropriate. It should be noted that, although it is currently Mondi's intention that the Demerger and the Mondi Limited Consolidation should be concluded, Mondi is entitled to decide not to proceed with the Demerger and the Mondi Limited Consolidation at any time prior to the Finalisation Date.

The Demerger, the Mondi Limited Consolidation and the other adjustments described in this Circular need to be approved, respectively, by the Mondi plc Shareholders and the Mondi Limited Shareholders.

The resolutions which Mondi plc Shareholders will be asked to vote on and approve, at the Mondi plc General Meeting, as ordinary resolutions, are:

- a resolution endorsing the Demerger and authorising the payment of the Mpack Demerged Shares as a dividend *in specie* to Mondi Limited Shareholders;
- a resolution approving the amendment to the Memorandum of Incorporation to provide for the consolidation of no par value shares;

Notes:

(1) This number does not include the Mpack Shares that are owned by Shanduka.

(2) The VWAP of Mondi plc Shares traded on the LSE will be converted from pounds sterling to South African rand on a daily basis using the South African rand/pounds sterling exchange rate provided by the South African Reserve Bank.

- a resolution approving the Mondi Limited Nominal Value Conversion;
- a resolution approving the Mondi Limited Consolidation;
- a resolution approving the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue (as more fully explained in paragraph 7.2 of this Part II); and
- a resolution authorising the directors of Mondi plc and the Directors to do all things on behalf of Mondi Limited or Mondi plc that may be required in order to give effect to and implement the Resolutions.

The resolutions which Mondi Limited Shareholders will be asked to vote on and approve, to be proposed at the Mondi Limited General Meeting, are:

- a resolution approving the Demerger and authorising the payment of the Mpac Shares as a dividend *in specie* to Mondi Limited Shareholders, as an ordinary resolution in the terms of Article 123 of the Mondi Limited Articles of Association;
- a resolution approving the amendment to the Memorandum of Incorporation to provide for the consolidation of no par value shares, as a special resolution;
- resolutions approving the Mondi Limited Nominal Value Conversion, as special resolutions;
- a resolution approving the Mondi Limited Consolidation, as a special resolution;
- a resolution endorsing the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue, as an ordinary resolution; and
- a resolution authorising the Directors and the directors of Mondi plc to do all things on behalf of Mondi Limited or Mondi plc that may be required in order to give effect to and implement the Resolutions, as an ordinary resolution.

If any of the above resolutions are not passed, the Demerger, the Mondi Limited Consolidation and the other adjustments described in this Circular will not proceed. If for any reason the listing of Mpac does not occur, the Demerger and the Mondi Limited Consolidation will not occur.

6 Illustrative effects of the Demerger and the Mondi Limited Consolidation on Mondi

For illustrative purposes only, examples of the total number of New Mondi Limited Shares which would be held by Mondi Limited Shareholders following the Demerger and the Mondi Limited Consolidation, based on an equity value of Mpact attributable to Mondi Limited Shareholders during the VWAP period of R2 billion and R3 billion and using the current Mondi Limited Share VWAP on the JSE and the Mondi plc Share VWAPs on the JSE and the LSE of R65.02, R67.82 and 607.7p, respectively (being the VWAPs on Thursday, 19 May 2011) are set out below:

Formula ⁽¹⁾		Illustrative calculation	
Equity value of Mpact to which Mondi Limited Shareholders are entitled		R2.0bn	R3.0bn
C	VWAP of Mpact Shares traded on the JSE during the VWAP period	R14	R20
	×	×	×
D	Number of Mpact Shares to which Mondi Limited Shareholders are entitled	147m	147m
	+	+	+
F	VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period ⁽²⁾	R51	R45
	×	×	×
B	Number of Existing Mondi Limited Shares in issue one day prior to the Mondi Limited Consolidation	147m	147m
	+	+	+
G	VWAP of Mondi plc Shares traded on the LSE and the JSE during the VWAP period ⁽³⁾	R68	R68
	×	×	×
H	Number of Mondi plc Shares in issue one day prior to the Mondi Limited Consolidation	367m	367m
	=	=	=
	Total equity value attributable to Mondi plc Shareholders and Mondi Limited Shareholders	R34.5bn	R34.5bn
	÷	÷	÷
B+H	Number of Mondi plc Shares and Mondi Limited Shares in issue one day prior to the Mondi Limited Consolidation	514m	514m
	=	=	=
E	Theoretical post consolidation price	R67	R67
C	VWAP of Mpact Shares traded on the JSE during the VWAP period	R14	R20
	×	×	×
D	Number of Mpact Shares to which Mondi Limited Shareholders are entitled	147m	147m
	÷	÷	÷
E	Theoretical post consolidation price	R67	R67
	=	=	=
	Number of Existing Mondi Limited Shares to be consolidated	30m	45m
B	Number of Existing Mondi Limited Shares in issue one day prior to the Mondi Limited Consolidation	147m	147m
	-	-	-
(CxD)/E	Number of Existing Mondi Limited Shares to be consolidated	30m	45m
	=	=	=
A	Number of New Mondi Limited Shares held by Mondi Limited Shareholders	117m	102m

Notes:

(1) Letters refer to the formula set out in paragraph 4 above.

(2) For this illustrative calculation the pre-consolidation Mondi Limited Share VWAP is calculated using the Mondi Limited Share VWAP adjusted for the Mpact Share VWAP (C).

(3) The VWAP of Mondi plc Shares on the LSE has been converted from pounds sterling to South African rand using the South African rand/pounds sterling exchange rate provided by the South African Reserve Bank on Thursday, 19 May 2011.

For illustrative purposes, based on the mid point of the illustrative equity value range of Mpack attributable to Mondi Limited Shareholders during the VWAP period of between R2 billion and R3 billion, the effects of the Demerger and the Mondi Limited Consolidation in respect of all holdings of Mondi Limited Shares and all holdings of Mondi plc Shares are set out below.

Illustrative effect on all holdings of Mondi Limited Shares

Pre Demerger	Post Demerger and Mondi Limited Consolidation				
147 million Existing Mondi Limited Shares	110 million New Mondi Limited Shares	×	R65 per share	=	R7.1 billion
×					+
R65 per share	147 million Mpack Shares	×	R17 per share	=	R2.5 billion
=					=
R9.6 billion Total value of investment					R9.6 billion Total value of investment

Illustrative effect on all holdings of Mondi plc Shares

Pre Demerger	Post Demerger and Mondi Limited Consolidation				
367 million Mondi plc Shares	367 million Mondi plc Shares	×	608p per share	=	£2.2 billion
×					=
608p per share					
=					
£2.2 billion Total value of investment					£2.2 billion Total value of investment

The actual value of Mondi Limited Shares may decrease, reflecting the separate value of the demerged Mpack Shares, however, any such decrease in value may be offset by the reduction in the number of Mondi Limited Shares as a result of the Mondi Limited Consolidation after the VWAP period. Other general market factors may also affect the value of Mondi Limited Shares. Following the Mondi Limited Consolidation, there will be a reduction in Mondi Limited Shareholders' aggregate proportionate economic and voting interest in Mondi, but Mondi Limited Shareholders will also hold the Mpack Demerged Shares.

There will be no effect on the number of Mondi plc Shares held by Mondi plc Shareholders. There will be general market factors that may affect the value of Mondi plc Shares. Following the Mondi Limited Consolidation, there will be an increase in Mondi plc Shareholders' aggregate economic and voting interest in Mondi. The Demerger and the Mondi Limited Consolidation are not expected to have a material impact on Mondi's earnings per share or gearing.

The Demerger and the Mondi Limited Consolidation will not affect the Equalisation Ratio used to determine the economic and voting interests represented by Mondi Limited Shares relative to the economic and voting interests of Mondi plc Shares, which will remain 1:1. This means, for example, that the amount of any cash dividend paid in respect of each Mondi Limited Share will normally be matched by an equivalent cash dividend in respect of each Mondi plc Share and *vice versa*.

7 Mondi Special Converting Shares

The Mondi Special Converting Shares are specific to the DLC Structure and are issued by both Mondi Limited and Mondi plc and are held by SA Trust Co and UK Trust Co, respectively. The Mondi Special Converting Shares convert into Mondi plc Shares or Mondi Limited Shares, as applicable, upon termination of the DLC Structure so as to ensure economic equalisation for shareholders.

Mondi plc and Mondi Limited are required, under the DLC Agreements, to ensure that the correct number of Mondi Special Converting Shares having the correct nominal value are always in issue. Therefore, following the Mondi Limited Consolidation, changes to the Mondi plc Special Converting Shares are needed in order to ensure these requirements continue to be satisfied. These changes are outlined below.

Economic equalisation upon termination of the DLC Structure is achieved by ensuring that the shareholders of each of Mondi plc and Mondi Limited receive such ordinary shares in the other company as will ensure that they have the same proportionate holding in each of Mondi plc and Mondi Limited as they previously had in the combined Group. Prior to termination of the DLC Structure, the Mondi Special Converting Shares have limited rights.

7.1 Mondi Limited Special Converting Shares

Pursuant to the DLC Agreements, the nominal value of the Mondi Limited Special Converting Shares must match the nominal value of the New Mondi Limited Shares. Also, the number of Mondi Limited Special Converting Shares must reflect the number of Mondi plc Shares in issue. Following the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation, the nominal value of the Mondi Limited Special Converting Shares will be the same as the New Mondi Limited Shares (both will have no par value) and the number of Mondi Limited Special Converting Shares will not be affected (continuing to equal the number of Mondi plc Shares in issue).

Aside from having no nominal value, each New Mondi Limited Special Converting Share will have equivalent rights to the Existing Mondi Limited Special Converting Shares.

The Mondi Limited SCS Nominal Value Conversion will have a neutral effect on both the Mondi plc Shareholders and the Mondi Limited Shareholders.

7.2 Mondi plc Special Converting Shares

A sub-division and consolidation of the Mondi plc Special Converting Shares is needed pursuant to the DLC Agreements in order to match the number of Mondi plc Special Converting Shares to the reduced number of Mondi Limited Shares following the Mondi Limited Consolidation. Pursuant to the DLC Agreements, the nominal value of Mondi plc Special Converting Shares must also reflect the nominal value of Mondi plc Shares in issue. In order to achieve this, the steps will be as follows:

- (i) Mondi plc will sub-divide each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share in order to arrive at a total number of interim Mondi plc Special Converting Shares such that when they are consolidated back to a nominal value of €0.20 each, they will be equal in number to the number of New Mondi Limited Shares; and
- (ii) Mondi plc will consolidate the interim Mondi plc Special Converting Shares into New Mondi plc Special Converting Shares of €0.20 each, thereby arriving at a total number of New Mondi plc Special Converting Shares that is equal in number to the number of New Mondi Limited Shares.

Each New Mondi plc Special Converting Share will have equivalent rights to the Existing Mondi plc Special Converting Shares. The purpose of the deferred shares is to ensure that there is no reduction in the capital of Mondi plc and the deferred shares will have no voting or dividend rights and, on a return of capital on a winding up of Mondi plc, will have the right to receive the amount paid up thereon only after Mondi plc Shareholders have received, in aggregate, any amounts paid up thereon plus £10 million per Mondi plc Share. The rights attaching to, and restrictions upon, the deferred shares are set out in Ordinary Resolution 2 of the Notice of the Mondi Limited General Meeting set out at the end of this Circular.

This step will have a neutral effect on both the Mondi plc Shareholders and the Mondi Limited Shareholders.

8 Dealings and settlement

8.1 Last day to trade and record date

The Demerger Record Date is Friday, 15 July 2011. The last day to trade in Mondi Limited Shares on the JSE in order to be recorded as a shareholder in the Register on the Demerger Record Date is Friday, 8 July 2011.

The Consolidation Record Date is Friday, 5 August 2011. The last day to trade in Mondi Limited Shares on the JSE in order to be recorded as a shareholder in the Register is Friday, 29 July 2011.

8.2 Listing on the JSE

The JSE has approved the amendment of the listing of Mondi Limited Shares on the JSE to take account of the Mondi Limited Nominal Value Conversion and Mondi Limited Consolidation.

8.3 The Demerger

Certificated Mondi Limited Shareholders recorded in the Register on the Demerger Record Date will receive a share certificate for the M pact Demerged Shares due to them which will be sent to their registered postal address by registered mail on or about Monday, 18 July 2011, at their risk. Certificated Mondi Limited Shareholders will be required to dematerialise such share certificates in order to sell such M pact Demerged Shares on the JSE.

Dematerialised Mondi Limited Shareholders recorded in the Register on the Demerger Record Date will have their accounts with their CSDP or broker credited with the M pact Demerged Shares due to them on Monday, 18 July 2011.

Restricted Shareholders and, subject to certain exceptions, US Shareholders will not receive any M pact Demerged Shares pursuant to the Demerger. The attention of Restricted Shareholders and US Shareholders is drawn to the provisions of paragraph 9.2 of this Part II.

8.4 Procedure for the surrender of share certificates pursuant to the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation

To effect the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation, it will be necessary to recall all share certificates in issue in order to replace them with share certificates reflecting the quantity and no par value nature of the New Mondi Limited Shares subsequent to the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation.

To facilitate the timeous receipt by Mondi Limited Shareholders of new share certificates, Mondi Limited Shareholders who wish to anticipate the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation and who do not wish to deal in their Existing Mondi Limited Shares prior to the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation are requested to surrender their share certificates by completing the Form of Surrender (blue) and returning it together with the share certificates to the Transfer Secretaries as follows:

By hand to:

Link Market Services South Africa (Proprietary) Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
South Africa

By post to:

Link Market Services South Africa (Proprietary) Limited
PO Box 4844
Johannesburg, 2000
South Africa

Replacement share certificates reflecting the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation will be posted to Certificated Mondi Limited Shareholders by registered post on or about Monday, 8 August 2011, provided that their share certificates are received by 12:00 on the Consolidation Record Date, being Friday, 5 August 2011, or within five business days if received after 12:00 on Friday, 5 August 2011.

Share certificates so received will be held in trust by the Transfer Secretaries pending the fulfilment of the Conditions Precedent set out in paragraph 5 of this Part II. In the event that the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation does not

become unconditional, the Transfer Secretaries will, within five business days thereafter, return the share certificates to the Mondi Limited Shareholders concerned by registered post, at the risk of such shareholders.

In the event that Certificated Mondi Limited Shareholders do not complete the attached Form of Surrender (blue) and who later wish to obtain a replacement share certificate reflecting the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation, such shareholders will be required to return their share certificates to the Transfer Secretaries together with certified copies of identity documents, if in own name, or, if otherwise, certified copies of company/trust documents.

If share certificates have been lost or destroyed and the shareholder concerned produces evidence to this effect to the satisfaction of Mondi Limited, then Mondi Limited may dispense with the surrender of such existing share certificates against provision of an acceptable indemnity.

Dematerialised Mondi Limited Shareholders must not do anything as their accounts at their CSDP or broker will be automatically updated on Monday, 8 August 2011.

9 Holders of Shares in the US and other Restricted Shareholders

9.1 General

The Demerger is governed by the laws of South Africa and is subject to all applicable laws and regulations, including Exchange Control Regulations (Mondi Limited Shareholders are referred to Part IV of this Circular).

Having regard to prevailing laws in their relevant jurisdictions, Mondi Limited Shareholders outside of the UK and South Africa may be affected by the Demerger and the Mondi Limited Consolidation. Such Mondi Limited Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them, including the Demerger and the Mondi Limited Consolidation. Foreign Mondi Limited Shareholders may be prohibited from continuing to beneficially hold the Mpack Demerged Shares distributed to them.

It is the responsibility of each Mondi Limited Shareholder outside of the UK and South Africa to satisfy itself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Demerger and the Mondi Limited Consolidation, including the obtaining of any governmental, exchange or other consents or the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

Any Mondi Limited Shareholder outside of the UK and South Africa who is in doubt as to his position with respect to the Demerger in any jurisdiction, including, without limitation, his tax status, should consult an appropriate professional adviser in the relevant jurisdiction without delay. In particular, foreign Mondi Limited Shareholders must take their own advice on whether they are entitled to continue beneficially to hold any Mpack Demerged Shares distributed to them and take the appropriate action in accordance with that advice. Foreign Mondi Limited Shareholders are reminded that they may dispose of their Mondi Limited Shares prior to the last day to trade in Mondi Limited Shares on the JSE to participate in the Demerger (expected to be Friday, 8 July 2011), in which case they will not participate in the Demerger.

9.2 Restricted Shareholders

Mondi Limited Shareholders in certain jurisdictions outside of South Africa may not be entitled to receive any Mpack Demerged Shares if such receipt may involve unduly onerous registration or approval requirements under local securities laws. It shall be in the Directors' sole discretion as to whether the Mpack Demerged Shares will be distributed to the Restricted Shareholders. A mechanism will be put in place so that the Mpack Demerged Shares due to such Restricted Shareholders will not be delivered to Restricted Shareholders personally, but rather will be delivered, following the Demerger, to a third party in South Africa nominated by Mondi Limited, which will hold or dispose of such Mpack Demerged Shares on behalf of the Restricted Shareholders. Mondi Limited or the third party shall coordinate the disposal of the Mpack Demerged Shares due to such Restricted Shareholders for cash in South Africa and distribute the cash proceeds therefrom (translated into the relevant local currency from South African Rand at the ruling exchange rate at the relevant time net of applicable fees, expenses, taxes and charges) to Restricted Shareholders, in proportion to such Restricted Shareholders' entitlement

to Mpac Demerged Shares. There can be no assurance as to what price such Restricted Shareholders will receive from the disposal of such Mpac Demerged Shares or the timing or exchange rate conversion of such receipt.

9.3 US Shareholders

The Directors have determined that it may impose unduly onerous obligations on Mondi Limited were it to distribute Mpac Demerged Shares into the United States pursuant to the Demerger. Accordingly, US Shareholders will not receive Mpac Demerged Shares, unless an exemption from the registration requirements of the US Securities Act is available. Instead, subject to certain exceptions, the Mpac Demerged Shares due to US Shareholders will be delivered, following the Demerger, to a third party in South Africa nominated by Mondi Group, which will hold such Mpac Demerged Shares on behalf of the US Shareholders and who shall, on the basis set out in paragraph 9.2 of this Part II, coordinate the disposal of the Mpac Demerged Shares due to the US Shareholders for cash in South Africa, pursuant to Regulation S, and distribute the cash proceeds therefrom (translated into US dollars from South African Rand at the ruling exchange rate at the relevant time net of applicable fees, expenses, taxes and charges) to the US Shareholders, in proportion to their entitlement to Mpac Demerged Shares.

There can be no assurance as to what price such US Shareholders will receive from the disposal of such Mpac Demerged Shares or the timing of such receipt or the exchange rate that is achieved in converting the proceeds of the disposal of such Mpac Demerged Shares from South African Rand into US dollars.

The Mpac Demerged Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Mpac Demerged Shares are being offered and sold outside of the United States in reliance on Regulation S.

PART III

TAXATION

1 South Africa

The summary below is a general guide and is not intended to constitute a complete analysis of the taxation consequences of the Demerger, the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation in terms of South African taxation law. It is not intended to be, nor should be considered as, legal or taxation advice. Mondi Limited and its advisers cannot be held responsible for the taxation consequences of the Demerger, the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation, and therefore Mondi Limited Shareholders are advised to consult their own taxation advisers in this regard.

1.1 Demerger of Mpack Demerged Shares by Mondi Limited

The Demerger will be a disposal by Mondi Limited of its Mpack Demerged Shares to the Mondi Limited Shareholders. The disposal will be effected utilising the tax concessions provided for in section 46 of the Income Tax Act.

The concessions provided for in section 46 are outlined below:

1.1.1 Income tax

The distribution of the Mpack Demerged Shares by Mondi Limited as a dividend *in specie*, in terms of the Demerger, will be disregarded by Mondi Limited in determining its taxable income or assessed loss in the tax year that the Demerger takes place.

The distribution of the Mpack Demerged Shares to Mondi Limited Shareholders will, as a dividend *in specie*, be exempt from South African income tax in Mondi Limited Shareholders' hands.

1.1.2 STC

The distribution of the Mpack Demerged Shares to Mondi Limited Shareholders as a dividend *in specie*, in terms of the Demerger, will be deemed not to be a dividend declared by Mondi Limited or a dividend received by any Mondi Limited Shareholder who is a company in determining their respective STC liabilities. Consequently, no STC credits will be allowable to Mondi Limited Shareholders as a result of the Demerger.

1.1.3 Mondi Limited Shares held as trading stock

Any Mondi Limited Shareholder holding Mondi Limited Shares as trading stock will be deemed to acquire the Mpack Demerged Shares as trading stock. The combined expenditure of such ordinary shares and Mpack Demerged Shares will be the amount originally taken into account by the shareholder in respect of those ordinary shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act.

A Mondi Limited Shareholder must determine the portion of the combined expenditure, as above, attributable to the Mpack Demerged Shares as follows:

$$A = B \times [C / (C + D)]$$

where:

A = the expenditure of the Mpack Demerged Shares, to be determined;

B = the combined expenditure, as contemplated above;

C = the market value of the Mpack Demerged Shares received pursuant to the Demerger as at the close of the day after the date of the Demerger; and

D = the market value of the Mondi Limited Shares, in respect of which the Mpack Demerged Shares in "C" were received, as at the close of the day after the date of the Demerger.

A Mondi Limited Shareholder must determine the portion of the combined expenditure attributable to the shares contemplated in "D" above as follows:

$$E = B - A$$

where:

E = the revised expenditure of the Mondi Limited Shares, to be determined;

B = the combined expenditure, as contemplated above; and

A = the expenditure of the Mpac Demerged Shares, as determined above.

Mondi Limited will advise the Mondi Limited Shareholders of the specified ratio, being the result of $[C / (C + D)]$, as above, by way of an announcement to be released on SENS on or about Wednesday, 20 July 2011.

1.1.4 Mondi Limited Shares held as capital assets

Any Mondi Limited Shareholder holding Mondi Limited Shares as capital assets will be deemed to acquire the Mpac Demerged Shares as capital assets. The original expenditure incurred in respect of the Mondi Limited Shares, in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act will be apportioned between the Mpac Demerged Shares and the Mondi Limited Shares as follows:

$$A = B \times [C / (C + D)]$$

where:

A = the deemed expenditure of the Mpac Demerged Shares, to be determined;

B = the original expenditure incurred in relation to the Mondi Limited Shares, and in respect of which the Mpac Demerged Shares in "C" were received;

C = the market value of the Mpac Demerged Shares received pursuant to the Demerger as at the close of the day after the date of the Demerger; and

D = the market value of the Mondi Limited Shares, in respect of which the Mpac Demerged Shares in "C" were received, as at the close of the day after the date of the Demerger.

A Mondi Limited Shareholder must determine the portion of the original expenditure incurred in respect of the Mondi Limited Shares attributable to the Mondi Limited Shares contemplated in "D" above as follows:

$$E = B - A$$

where:

E = the revised expenditure of the Mondi Limited Shares, to be determined;

B = the original expenditure in relation to the Mondi Limited Shares, and in respect of which the Mpac Demerged Shares in "C" above were received; and

A = the deemed expenditure of the Mpac Demerged Shares, as determined above.

Mondi Limited will advise the Mondi Limited Shareholders of the specified ratio, being the result of $[C / (C + D)]$, as above, by way of an announcement to be released on SENS on or about Wednesday, 20 July 2011.

Mondi Limited Shareholders will be deemed to have acquired the Mpac Demerged Shares on the date on which the Mondi Limited Shares were originally acquired. This deemed acquisition date will not, however, apply for purposes of determining whether the Mpac Demerged Shares are "qualifying shares" in terms of the three-year safe-harbour capital provisions in section 9C of the Income Tax Act.

1.1.5 Securities transfer tax

The registration of the Mpac Demerged Shares in the names of the Mondi Limited Shareholders will be exempt from the payment of any securities transfer tax.

1.1.6 Non-resident Mondi Limited Shareholders

Mondi Limited Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax advisers regarding the tax treatment of the Demerger in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

1.2 Mondi Limited Nominal Value Conversion

Mondi Limited Shareholders should not be treated as making a disposal of all or part of their Mondi Limited Shares by reason of the Mondi Limited Nominal Value Conversion. Consequently, no income tax or CGT should arise in this regard.

1.3 Matching Action

1.3.1 Mondi Limited Consolidation

Mondi Limited Shareholders should not be treated as disposing all or part of their Mondi Limited Shares by reason of the Mondi Limited Consolidation. Consequently, no income tax or CGT should arise in this regard. Instead, the Existing Mondi Limited Shares and the New Mondi Limited Shares (following the Mondi Limited Consolidation) should be treated as one and the same asset for tax purposes. Specifically, the revised expenditure of the Mondi Limited Shares, referred to as “E” in the formula in paragraphs 1.1.3 and 1.1.4 above, will become the expenditure or base cost of the New Mondi Limited Shares for tax purposes.

The Mondi Limited Consolidation should also not give rise to securities transfer tax.

1.3.2 The Mondi plc SCS Sub-division and Consolidation

It is assumed that the Mondi plc Special Converting Shares, which are held on trust for the benefit of the Mondi Limited Shareholders, do not have any practical independent existence or economic value of their own. They are, for all practical purposes, inseparable from the Mondi Limited Shares and any value they have is reflected solely in the Mondi Limited Shares. On that basis, the Mondi plc SCS Sub-division and Consolidation should not generally be capable of realising value for the purposes of SA taxation for any Mondi Limited Shareholder. In any case, Mondi Limited Shareholders (who are the beneficial owners of the Mondi plc Special Converting Shares) should not be treated as making a disposal of all or part of their beneficial holding of the Mondi plc Special Converting Shares by reason of such sub-division and consolidation. Consequently, no income tax or CGT should arise in this regard. Instead, the existing Mondi plc Special Converting Shares and the new holding of Mondi plc Special Converting Shares (following the consolidation) should be treated as one and the same asset for tax purposes.

2 UK

The comments set out below are based on current UK tax law as applied in England and Wales and HMRC practice as at the date of this Circular, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Mondi Limited Shareholders solely resident, and, in the case of an individual, ordinarily resident, for tax purposes in the UK, who hold Mondi Limited Shares as an investment and who are the absolute beneficial owners thereof. Certain categories of Mondi Limited Shareholders, such as traders, brokers, dealers, financial institutions, investment companies and collective investment schemes, Mondi Limited Shareholders who have (or are deemed to have) acquired their Mondi Limited Shares by virtue of an office or employment, Mondi Limited Shareholders who are or have been officers or employees of Mondi Limited or a company forming part of the Group, and Mondi Limited Shareholders who hold 10% or more of the Mondi Limited Shares may be subject to special rules and this summary does not apply to such Mondi Limited Shareholders. Mondi Limited Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers.

2.1 Demerger

There is currently some uncertainty as to when HMRC regard distributions as being income or capital in nature. Nevertheless, on the basis that the Demerger comprises a dividend for South African company law purposes, Mondi Limited’s understanding of the correct interpretation of current UK tax law is as follows.

Mondi Limited Shareholders who are within the charge to corporation tax will be subject to corporation tax on the dividend *in specie* to be effected by Mondi Limited pursuant to the Demerger unless (subject to special rules for such Mondi Limited Shareholders that are small companies) the dividend *in specie* falls within an exempt class and certain other conditions are met. It is expected that the dividend *in specie* to be effected by Mondi Limited will be exempt from tax for such Mondi Limited Shareholders.

A UK resident individual Mondi Limited Shareholder who receives the dividend *in specie* from Mondi Limited will be liable for income tax on the value of the Mipact Demerged Shares received but will be entitled to a tax credit which may be set off against the Mondi Limited Shareholder’s total income tax liability. The tax credit will be equal to one-ninth of the value of

the dividend *in specie*, i.e. 10% of the aggregate of the value of the dividend *in specie* and the tax credit (the “gross dividend”). Such an individual Mondi Limited Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend *in specie* at the rate of 10% of the gross dividend *in specie*, so that the tax credit will satisfy in full such shareholder’s liability to income tax on the dividend *in specie*. In the case of such an individual Mondi Limited Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the Mondi Limited Shareholder’s tax liability on the gross dividend *in specie* and such Mondi Limited Shareholder will have to account for additional income tax equal to 22.5% of the gross dividend *in specie* (which is also equal to 25% of the value of the dividend *in specie* received) to the extent that the value of the gross dividend *in specie* when treated as the top slice of the Mondi Limited Shareholder’s income falls above the threshold for higher rate income tax. In the case of such an individual Mondi Limited Shareholder who is subject to income tax at the additional rate, the tax credit will also be set against but not fully match the Mondi Limited Shareholder’s liability on the gross dividend and such Mondi Limited Shareholder will have to account for additional income tax equal to 32.5% of the gross dividend *in specie* (which is also equal to approximately 36% of the value of the dividend *in specie* received) to the extent that the gross dividend *in specie* when treated as the top slice of the Mondi Limited Shareholder’s income falls above the threshold for additional rate income tax.

A UK resident individual Mondi Limited Shareholder who is not liable to income tax in respect of the gross dividend *in specie* and other UK resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to the dividend *in specie*.

Mondi Limited Shareholders should acquire the Mpac Demerged Shares for their market value. A disposal by a Mondi Limited Shareholder of Mpac Demerged Shares may, depending on individual circumstances, including the availability of exemptions, reliefs and allowable losses, give rise to a liability to UK tax on chargeable gains. Mondi Limited Shareholders are advised to consult their own professional advisers before disposing of any Mpac Demerged Shares.

UK resident shareholders who, in the future, receive a dividend from Mpac should generally be taxed on the same basis as described above in respect of the dividend *in specie* from Mondi Limited. Given the uncertainty expressed by HMRC as to whether certain distributions should be treated as income or capital in nature (in particular, those made following a reduction of capital or out of share premium), shareholders are advised to consult their own professional advisers regarding distributions from Mpac. South African withholding tax (if, and when, in force) withheld from the payment of a dividend may be available as a credit against tax payable in respect of the dividend. There should generally be no requirement to pay UK stamp duty or stamp duty reserve tax on the issue or transfer of shares in Mpac.

2.2 Matching Action – taxation of capital gains

2.2.1 The Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited Consolidation

The Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited Consolidation should have effect as a reorganisation of the share capital of Mondi Limited.

Accordingly, Mondi Limited Shareholders should not be treated as making a disposal of all or part of their Mondi Limited Shares by reason of either the Mondi Limited Ordinary Share Nominal Value Conversion or the Mondi Limited Consolidation and, as such, no charge to capital gains tax or corporation tax on chargeable gains should arise. Instead, the existing Mondi Limited Shares and the New Mondi Limited Shares (following the Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited Consolidation) should, taken together, be treated as the same asset acquired at the same time as the existing Mondi Limited Shares were acquired.

The Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited Consolidation should not result in a charge to tax on income.

The Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited Consolidation should not give rise to a charge to UK stamp duty or stamp duty reserve tax.

2.2.2 The Mondi Limited SCS Nominal Value Conversion

The Mondi Limited SCS Nominal Value Conversion should have no effect on Mondi Limited Shareholders.

2.2.3 The Mondi plc SCS Sub-division and Consolidation

It is assumed that the Mondi plc Special Converting Shares, which are held on trust for the benefit of the Mondi Limited Shareholders, do not have any practical independent existence or economic value of their own. They are, for all practical purposes, inseparable from the Mondi Limited Shares and it is assumed that any value they have is reflected solely in the Mondi Limited Shares. On that basis, the Mondi plc SCS Sub-division and Consolidation should not generally be capable of realising value for the purposes of UK taxation for any Mondi Limited Shareholder. In any case, the sub-division of the Mondi plc Special Converting Shares into interim Mondi plc Special Converting Shares and deferred shares and consequent consolidation of the interim Mondi plc Special Converting Shares should have effect as a reorganisation of the share capital of Mondi plc.

Accordingly, Mondi Limited Shareholders should not be treated as making a disposal of all or part of their beneficial holding of the Mondi plc Special Converting Shares by reason of such sub-division and consolidation and, as such, no charge to capital gains tax or corporation tax on chargeable gains should arise. Instead, the Existing Mondi plc Special Converting Shares and the New Mondi plc Special Converting Shares and deferred shares should, taken together, be treated as the same asset acquired at the same time as the Existing Mondi plc Special Converting Shares were acquired. Any base cost in the Existing Mondi plc Special Converting Shares would need to be apportioned between the New Mondi plc Special Converting Shares and the deferred shares by reference to their market value at the time of any disposal. For the reason noted above, however, it is questionable whether any base cost exists in relation to the Mondi plc Special Converting Shares.

The Mondi plc SCS Sub-division and Consolidation should not result in a charge to tax on income for Mondi Limited Shareholders.

The Mondi plc SCS Sub-division and Consolidation should not give rise to a charge to UK stamp duty or stamp duty reserve tax.

3 United States of America

CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, MONDI LIMITED SHAREHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY MONDI LIMITED SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON MONDI LIMITED SHAREHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY MONDI LIMITED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY MONDI LIMITED OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) MONDI LIMITED SHAREHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material US federal income tax consequences of the Mondi Limited Consolidation and the receipt of cash proceeds by a US Holder (as defined below) from the disposition of Mpact Demerged Shares. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the Mondi Limited Consolidation and the receipt of cash proceeds from the disposition of Mpact Demerged Shares, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the voting stock of Mondi Limited, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts,

tax-exempt organisations, dealers in securities or currencies, investors that hold the Mondi Limited Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar).

As used herein, the term “US Holder” means a beneficial owner of Mondi Limited Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds Mondi Limited Shares will depend on the status of the partner and the activities of the partnership. Investors that are partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of the Mondi Limited Consolidation and the receipt of cash proceeds from the disposition of Mpack Demerged Shares by the partnership.

The summary is based on the tax laws of the US, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and South Africa (the “Treaty”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MONDI LIMITED CONSOLIDATION AND THE RECEIPT OF CASH PROCEEDS FROM THE DISPOSITION OF MPACK DEMERGED SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Subject to certain exceptions, US Shareholders will not receive any Mpack Demerged Shares pursuant to the Demerger. Mpack Demerged Shares due to US Shareholders will be disposed by a third party and the cash proceeds therefrom (net of applicable fees, expenses, taxes and charges) will be distributed to the US Shareholders. The summary below addresses only US Holders receiving cash proceeds from the disposition of the Mpack Demerged Shares due to the US Shareholders. US Holders receiving Mpack Demerged Shares under certain exceptions are urged to review the Pre-listing Statement for the US federal income tax consequences of receiving Mpack Demerged Shares.

Mondi Limited believes, and this summary assumes, that neither Mondi Limited nor Mpack has been or will be passive foreign investment company (“PFIC”) for US federal income tax purposes. The PFIC status of both Mondi Limited and Mpack must be determined annually and therefore may be subject to change. If either Mondi Limited or Mpack were to be a PFIC in any year, materially adverse consequences could result for US Holders. US Holders should consult their tax advisers regarding the potential application of the PFIC regime.

3.1 Receipt of Cash Proceeds from the Disposition of Mpack Demerged Shares

The Mondi Limited Consolidation and the receipt of cash proceeds from the disposition of Mpack Demerged Shares will likely be treated for US federal income tax purposes as a redemption of Mondi Limited Shares in exchange for the receipt of cash. Because this redemption will be *pro rata* among the Mondi Limited Shareholders, it will normally be taxable as a dividend distribution.

In some circumstances, a redemption is treated as a sale of shares rather than as a dividend, where the redemption is viewed as “not essentially equivalent to a dividend” because it results in a meaningful reduction in the equity interests of the redeeming shareholders. Because the Mondi Limited Consolidation will reduce the equity interests of the holders of Mondi Limited Shares in the overall DLC Structure, it is possible to argue that this redemption should be viewed as not essentially equivalent to a dividend. However, there is no authoritative guidance regarding the US federal income tax treatment of the DLC Structure. Moreover, a reduction in equity interest in this context is typically measured by reference to voting power, and the Mondi Limited Consolidation will not reduce the voting rights of the holders of Mondi Limited Shares in the

overall DLC Structure. Consequently, there can be no assurance that any such argument would be sustained if challenged by the US Internal Revenue Service. US Holders should consult their tax advisers regarding the possibility and consequences of treating the deemed redemption as a sale.

The remainder of this discussion assumes that, for US federal income tax purposes, the receipt of cash proceeds from the disposition of Mpack Demerged Shares by Mondi Limited Shareholders as compensation for the Mondi Limited Consolidation will be treated as receipt of a dividend from Mondi Limited.

It is unclear whether the sale of Mpack Demerged Shares by the third party, and the remittance of the cash proceeds from that sale to US Holders whose Mpack Demerged Shares were sold, should be treated as a sale of Mpack Demerged Shares, followed by a distribution of the cash proceeds by Mondi Limited, or as a distribution of Mpack Demerged Shares by Mondi Limited and a subsequent sale of those Mpack Demerged Shares by the relevant US Holders. If the sale and distribution were considered to be made by Mondi Limited, then all of the distributed cash proceeds would be taxable to US Holders as a dividend.

If the sale and distribution were considered to be a distribution of Mpack Demerged Shares by Mondi Limited to US Holders and a subsequent sale of those Mpack Demerged Shares by the US Holders, then the distribution of the Mpack Demerged Shares would be taxable to US Holders as a dividend on the date of receipt by the third party in an amount equal to the US dollar value of the Mpack Demerged Shares on that date. US Holders would then recognise a short-term capital gain or loss on the subsequent sale of the Mpack Demerged Shares, regardless of their holding period of the Mondi Limited Shares. The short-term capital gain or loss is equal to the difference, if any, between the US dollar value of the amount realised (as determined on the date of the sale or other disposition) and the US Holder's tax basis in the Mpack Demerged Shares. A US Holder's tax basis in a Mpack Demerged Share will generally be the amount included as dividend income. Any short-term capital gain or loss will be US source.

Generally, distributions paid in respect of Mondi Limited Shares, to the extent paid by Mondi Limited out of current or accumulated earnings and profits (as determined for US federal income tax purposes), will be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Mondi Limited Shares and thereafter as capital gain. However, Mondi Limited does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any dividends paid by Mondi Limited with respect to Mondi Limited Shares will constitute ordinary dividend income.

Dividend income realised by a non-corporate US Holder by reason of the receipt of cash proceeds from the disposition of the Mpack Demerged Shares will generally be taxable at the special reduced rate normally applicable to long-term capital gains, provided Mondi Limited qualifies for the benefits of the Treaty, which Mondi Limited believes to be the case. A US Holder will be eligible for this reduced rate only if it has held the Mondi Limited Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

3.2 Backup withholding and information reporting

Payments of dividends with respect to Mondi Limited Shares and proceeds with respect to the sale of Mpack Demerged Shares, by a US paying agent or other US intermediary, will be reported to the US Internal Revenue Service and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

PART IV

EXCHANGE CONTROL CONSIDERATIONS

The following guidelines are not a comprehensive statement of the Exchange Control Regulations and merely reflect Mondi Limited's understanding of the regulations at the date of this Circular. Mondi Limited Shareholders who may be affected are advised to consult their professional advisers.

Dealing in foreign currency, the export of capital and/or revenue, incurring of liabilities by residents to non-residents and various other exchange control matters in South Africa are regulated by the South African exchange control regime and regulations. South African exchange control is administered and regulated by the Exchange Control Department of the South African Reserve Bank.

In the case of Mondi Limited Shareholders whose registered addresses are outside the common monetary area, the following will apply in respect of the Demerger:

1 The Demerger

1.1 Emigrants from the common monetary area

1.1.1 Certificated Mondi Limited Shareholders

The share certificates for the Mpac Demerged Shares issued in favour of any emigrant Mondi Limited Shareholder pursuant to the Demerger will be restrictively endorsed "non-resident" and sent to the authorised dealer controlling such emigrant's blocked assets. In terms of the Exchange Control Regulations, such Mpac Demerged Shares are not freely transferable from the common monetary area. The authorised dealer or its CSDP will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

1.1.2 Dematerialised Mondi Limited Shareholders

The Mpac Demerged Shares credited to the Mondi Limited Shareholder's account with his CSDP or broker will be flagged "non-resident" and linked to the applicable emigrant blocked account in the books of the authorised dealer or authorised bank concerned. In terms of the Exchange Control Regulations, such Mpac Demerged Shares are not freely transferable from the common monetary area. The CSDP or broker will ensure that all exchange control requirements are adhered to in respect of their clients falling into this category of investor.

1.2 All other non-residents of the common monetary area

1.2.1 Certificated Mondi Limited Shareholders

Non-resident Mondi Limited Shareholders whose documents of title are endorsed "non-resident" will receive certificates for their Mpac Demerged Shares which are similarly endorsed. The broker or the transfer secretary will ensure that all exchange control requirements are adhered to in respect of these shares.

1.2.2 Dematerialised Mondi Limited Shareholders

The Mpac Demerged Shares credited to the Mondi Limited Shareholder's account with his CSDP or broker will be flagged "non-resident" and linked to the applicable non-resident account in the books of the authorised dealer or authorised bank concerned. The CSDP or broker will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

1.2.3 Cash proceeds due to ineligible foreign shareholders

Ineligible foreign Mondi Limited Shareholders will be entitled to receive the cash proceeds due to them from the sale of their Mpac Demerged Shares without restriction.

2 The Mondi Limited Consolidation

2.1 In the case of Certificated Mondi Limited Shareholders whose registered addresses in the Register are within the common monetary area, replacement share certificates reflecting the Mondi Limited Consolidation will be posted to those shareholders at the addresses given in the Register.

2.2 In the case of Certificated Mondi Limited Shareholders whose registered addresses in the Register are outside the common monetary area, or whose certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

2.2.1 Non-residents who are emigrants from the common monetary area

The replacement share certificates reflecting the Mondi Limited Consolidation will be restrictively endorsed in terms of the Exchange Control Regulations and will be posted to the relevant Mondi Limited Shareholder's authorised dealer in foreign exchange in South Africa controlling their blocked assets.

2.2.2 All other non-residents of the common monetary area

The replacement share certificates reflecting the Mondi Limited Consolidation will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations and will be sent to the relevant Mondi Limited Shareholders in accordance with their election in the attached Form of Surrender (blue).

2.3 In the case of Dematerialised Mondi Limited Shareholders who are non-residents, their accounts at their CSDP or broker will be updated to reflect the Mondi Limited Consolidation.

PART V

BACKGROUND INFORMATION ON MPACT

Overview

Mpact is one of the largest South African packaging businesses, involved in the manufacture and supply of paper and plastic packaging products, with total revenues of R6,259 million in 2010, R5,774 million in 2009 and R5,711 million in 2008 and EBITDA of R805 million in 2010, R714 million in 2009 and R631 million in 2008. Mpact's operations comprise its paper business and its plastics business. The paper business is integrated across the recycled paper-based corrugated packaging value chain and comprises three divisions: recycling, packaging and industrial paper and corrugated, while its plastics business manufactures rigid plastic packaging. Mpact has 22 manufacturing operations and 29 operating sites in South Africa, Namibia, Mozambique and Zimbabwe. Approximately 91% of Mpact's sales in 2010 were achieved in South Africa. As at 31 December 2010, Mpact's workforce amounted to approximately 3,500 employees in total.

Mpact is the leading producer of recycled-based cartonboard and containerboard, the leading collector of recovered paper and the leading producer of corrugated packaging in South Africa. The paper recycling division undertakes the collection of recovered paper for use in the production of cartonboard and containerboard. The packaging and industrial paper division produces cartonboard and containerboard products. The corrugated division undertakes the production of corrugated boxes and other corrugated packaging products. Mpact's main paper production facilities are in Springs (Gauteng), Felixton (KwaZulu-Natal) and Piet Retief (Mpumalanga) in South Africa. In addition, Mpact has nine corrugated box plants and two corrugated sheet plants.

In 2010, Mpact collected approximately 448,000 tonnes of recovered paper as part of its recycling operations and produced approximately 399,000 tonnes of packaging and industrial papers and 387 million square metres of corrugated packaging products. Mpact's paper business had external revenues of R4,407 million, representing 77% of Mpact's revenue⁽¹⁾, and EBITDA⁽²⁾ of R686 million in 2010.

In addition, Mpact is a leading producer of rigid plastic packaging in South Africa and is the largest South African producer of PET pre-forms, styrene trays and plastic jumbo bins. In 2010, Mpact's plastics business produced over one billion pre-forms and PET bottles. Mpact has eight plastics production facilities in the Western Cape, Gauteng and KwaZulu-Natal in South Africa, as well as one plant in Zimbabwe. Mpact's plastics business had external revenues of R1,310 million, representing 23% of Mpact's revenue⁽¹⁾, and EBITDA⁽²⁾ of R190 million in 2010.

Mpact has developed centres of excellence for its human resources, safety, health and environmental policy functions. In addition, Mpact enjoys the benefits of shared services across its businesses for its finance, human resources administration and information systems and technology and has a research and development facility located in Stellenbosch.

Historical financial information on Mpact can be found in the Pre-listing Statement, which is sent together with this Circular and will be available to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders, in the case of the Pre-listing Statement) on the Mondi Group's website, at Mondi Limited's registered office, at Mpact's registered office and the offices of Mpact's Transfer Secretaries at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg (PO Box 4844, Johannesburg, 2000), South Africa at and, during normal business hours, before the Mondi Limited General Meeting.

Notes:

(1) Excluding revenue for Mpact's Paperlink division of R541 million.

(2) Excluding corporate services costs, which amounted to a total of R(71) million in 2010.

PART VI

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects of the Mondi Limited Consolidation will be disclosed to Mondi Shareholders in a subsequent announcement once the exact details of the Mondi Limited Consolidation have been determined in accordance with the formula set out in paragraph 4 of Part II of this Circular.

The following unaudited *pro forma* financial information is the responsibility of the Directors and has been prepared, in accordance with the South African Institute of Chartered Accountants' Guide on *Pro Forma* Financial Information, to illustrate the potential effect of the Demerger on the consolidated income statement of the Group for the year ended 31 December 2010 and on the consolidated statement of financial position as at 31 December 2010. The *pro forma* financial information is prepared based on the same accounting policies applied to the statutory financial statements of the Group in the annual financial statements for the year ended 31 December 2010. The *pro forma* financial information has been prepared for illustrative purposes only and does not constitute statutory accounts of the Group or Mpact. Due to its nature the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results following the completion of the Demerger. The *pro forma* consolidated income statement is based on the assumption that the Demerger took effect on 1 January 2010 and the *pro forma* statement of financial position is based on the assumption that the Demerger took effect on 31 December 2010. As a result, all transactions between members of the Group and Mpact for the periods presented have been represented in the *pro forma* statements as third party transactions from the perspective of the Group.

For the avoidance of doubt, these financial effects do not include the impact of the Mondi Limited Consolidation, which will be incorporated in a subsequent announcement in respect of the Mondi Limited Consolidation.

The independent reporting accountants' report on Mondi prepared in accordance with the provisions of the JSE Listings Requirements, relating to the *pro forma* financial information and effects, is set out in Annexure 1 to this Circular.

Pro forma consolidated statement of financial position as at 31 December 2010

The *pro forma* consolidated statement of financial position set out below presents the effect of the Demerger on the financial position of the Group as at 31 December 2010 based on the assumption that the Demerger was effective on 31 December 2010. The impact of the Mondi Limited Consolidation is not reflected in this *pro forma* information.

	Year ended 31 December 2010 audited ⁽¹⁾	Capital and debt restructuring of Mpac ⁽²⁾	Demerger of Mpac ⁽³⁾	Reversal of consolidation journals ⁽⁴⁾	Acquisition of Paperlink and recycling division ⁽⁵⁾	Accelerated share-based payment charge ⁽⁶⁾	Fair value adjustment of dividend in specie ⁽⁷⁾	Transaction costs ⁽⁸⁾	Year ended 31 December 2010 adjusted <i>pro forma</i> ⁽⁹⁾
	(€ millions)								
Intangible assets	312		(123)	49					238
Property, plant and equipment	3,976		(214)						3,762
Forestry assets	320								320
Investment in associates	16		(6)		6				16
Financial asset investments	34		(2)						32
Loans to subsidiaries		(258)		258					
Deferred tax assets	21		(6)	2					17
Retirement benefits surplus	11		(2)						9
Derivative financial instruments	3								3
Total non-current assets	4,693	(258)	(353)	309	6				4,397
Inventories	702		(77)	(4)	6				627
Trade and other receivables	992		(133)	5	13	3			880
Current tax assets	11								11
Cash and cash equivalents	83		(11)		(6)	(1)		(3)	62
Derivative financial instruments	11								11
Total current assets	1,799		(221)	1	13	2		(3)	1,591
Assets held for sale	1		(19)	19					1
Total assets	6,493	(258)	(593)	329	19	2		(3)	5,989
Short-term borrowings	(410)	40	17		(11)				(364)
Trade and other payables	(1,034)		117	(12)	(8)				(937)
Current tax liabilities	(78)		1						(77)
Provisions	(64)		2						(62)
Derivative financial instruments	(9)		1						(8)
Total current liabilities	(1,595)	40	138	(12)	(19)				(1,448)
Medium and long-term borrowings	(1,037)		405	(265)					(897)
Retirement benefits obligation	(211)		8						(203)
Deferred tax liabilities	(349)		2						(347)
Provisions	(39)								(39)
Other non-current liabilities	(23)		6						(17)
Derivative financial instruments	(15)		3						(12)
Total non-current liabilities	(1,674)		424	(265)					(1,515)
Liabilities directly associated with assets classified as held for sale	—		10	(10)					—
Total liabilities	(3,269)	40	572	(287)	(19)				(2,963)
Net assets	3,224	(218)	(21)	42		2		(3)	3,026
Equity									
Share capital and share premium/ stated capital	(646)		28	(28)					(646)
Retained earnings and other reserves	(2,117)	218	(15)	(17)		(2)		3	(1,930)
Total attributable to equity holders of the parent company	(2,763)	218	13	(45)		(2)		3	(2,576)
Non-controlling interest in equity	(461)		8	3					(450)
Total equity	(3,224)	218	21	(42)		(2)		3	(3,026)
Issued ordinary shares (less treasury shares)	509,696,487								509,696,487
Net asset value per share (cents)	6.33								5.94
Tangible net asset value per share (cents)	5.71								5.47

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- 1 The Group financial information has been extracted, without adjustment, from the Mondi Group's audited results for the year ended 31 December 2010.
- 2 In order to effectively facilitate the listing of Mpact, its capital structure will be adjusted. Both Mondi Limited and Shanduka will subscribe for new shares in Mpact and these proceeds, combined with funds that Mpact will draw down from its new bank facilities, will be utilised to settle the shareholder loans and existing bank debt. The *pro forma* adjustments reflect the effect of the subscription for the new shares in the company and the repayment of debt.
- 3 The demerger of all assets and liabilities of Mpact, extracted from the audited financial statements of Mpact.
- 4 Reversal of all consolidation adjustments, including goodwill, directly related to the demerger of Mpact. This includes the conversion of existing intercompany balances between entities in the Group and Mpact to reflect such balances as being with a third party.
- 5 Ahead of the demerger of Mpact, Mondi Limited entered into a sale of business agreement for the acquisition of Paperlink, the paper merchant division of Mpact, and a second agreement for the acquisition of a 25% interest in the recycling division, the recovered paper collection business of Mpact, to be transferred to a separate legal entity. The investment in the recycling division is reflected as an investment in associate. The purchase price of Paperlink was R93 million (€10 million) and the investment in the recycling division will be equal to 25% of the value of the assets less the value of the liabilities of the recovered paper collection business. The acquisitions were financed utilising the Group's internal resources.
- 6 Partial early vesting of some elements of existing share awards granted to senior management of Mpact under the Mondi Limited Incentive Scheme resulting in an accelerated share based payment expense.
- 7 The dividend *in specie* declared to Mondi Limited Shareholders is recognised at the fair market value of those Mpact Shares distributed. The fair value gain recognised is offset by a corresponding increase in the value of the dividend *in specie* distributed and therefore it has no impact on the statement of financial position.
- 8 The estimated transaction costs incurred by the Group of €3 million.
- 9 Represents the Group *pro forma* consolidated statement of financial position at 31 December 2010, before the impact of the Mondi Limited Consolidation.

Pro forma consolidated income statement as at 31 December 2010

The unaudited *pro forma* consolidated income statement set out below has been prepared on the assumption that the Demerger had been implemented on 1 January 2010. The impact of the Mondi Limited Consolidation is not reflected in this *pro forma* information.

	Recurring					Non-recurring		Year ended 31 December 2010 adjusted <i>pro forma</i> ⁽⁹⁾
	Year ended 31 December 2010 audited ⁽¹⁾	Capital and debt restructuring of Mpact ⁽²⁾	Demerger of Mpact ⁽³⁾	Reversal of consolidation journals ⁽⁴⁾	Acquisition of Paperlink and recycling ⁽⁵⁾	Accelerated share-based payment charge ⁽⁶⁾	Fair value adjustment of dividend <i>in specie</i> ⁽⁷⁾	
Group revenue	6,228		(647)	87	56			5,724
Material, energy and consumables used	(3,322)		346	(87)	(48)			(3,111)
Variable selling expenses	(548)		53		(3)			(498)
Gross margin	2,358		(248)		5			2,115
Maintenance and other indirect expenses	(298)		26					(272)
Personnel costs	(931)		102		(2)			(831)
Other net operating expenses	(247)		36		(2)			(213)
Depreciation, amortisation and impairments	(373)		33					(340)
Underlying operating profit	509		(51)		1			459
Special items	(22)		1			49	(3)	25
Net income from associates	2							2
Total profit from operations and associates	489		(50)		1		(3)	486
Net finance costs	(117)	(28)	40			49	(3)	(105)
Investment income	35		(4)					31
Interest from subsidiaries		(30)		30				7
Foreign currency gains/(losses)	8		(1)					
Financing costs	(160)	2	45	(30)				(143)
Profit before tax	372	(28)	(10)		1		(3)	381
Tax charge	(87)	8	5					(74)
Profit on ordinary activities after tax	285	(20)	(5)		1		(3)	307
Non-controlling interest	(61)		1	1				(59)
Profit from continuing operations	224	(20)	(4)	1	1		(3)	248
Attributed to:								
Non-controlling interest	61		(1)	(1)				59
Equity holders of the parent company	224	(20)	(4)	1	1	49	(3)	248
	285	(20)	(5)		1	49	(3)	307
Number of ordinary shares in issue (less treasury shares)	509,696,487							509,696,487
Weighted average number of ordinary shares in issue for the year (less treasury shares) (million)	508							508
Weighted average number of diluted ordinary shares in issue for the year (less treasury shares) (million)	514							514
Basic earnings per share (cents)	44.1							48.8
Basic underlying earnings per share (cents)	47.0							42.6
Basic headline earnings per share (cents) ⁽¹⁾	47.0							42.7
Diluted earnings per share (cents) ⁽²⁾	43.6							48.2
Diluted underlying earnings per share (cents) ⁽¹⁾	46.5							42.1
Diluted headline earnings per share (cents) ⁽²⁾	46.5							42.2

Notes:

(1) Underlying earnings per share excludes the impact of special items.

(2) The presentation of headline earnings per share is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

NOTES TO THE *PRO FORMA* CONSOLIDATED INCOME STATEMENT

- 1 The Group financial information has been extracted, without adjustment, from the Group's audited results for the year ended 31 December 2010.
- 2 In order to effectively facilitate the listing of Mpact, its capital structure will be adjusted. Both Mondi Limited and Shanduka will subscribe for new shares in Mpact and these proceeds, combined with funds that Mpact will draw down from its new bank facilities, will be utilised to settle the shareholder loans and existing bank debt. The *pro forma* adjustments reflect the effect of the subscription for the new shares in the company and the repayment of debt. The reduction in interest received represents the total interest that would have been received from Mpact, charged on the shareholder loans, which, as a result of the recapitalization, is no longer incurred by Mpact. The *pro forma* interest savings have been calculated based on the expected funds inflow of €20 million and was based on the incremental cost of external borrowings in South Africa of 8.6% (before tax). A tax rate of 28% has been applied.
- 3 The exclusion of the Mpact group income statement, extracted from the audited financial statements of Mpact. The Demerger is reflected as a recurring item as, with effect from the date of the Demerger, these results will no longer form part of the Consolidated Group Financial Statements.
- 4 Reversal of all consolidation adjustments directly related to the demerger of Mpact. This includes the conversion of existing intercompany transactions between entities in the Group and Mpact to reflect such transactions as being with a third party.
- 5 Ahead of the demerger of Mpact, Mondi Limited entered into a sale of business agreement for the acquisition of Paperlink, the paper merchant division of Mpact, and a second agreement for the acquisition of a 25% interest in the recycling division, the recovered paper collection business of Mpact, to be transferred to a separate legal entity. The *pro forma* adjustment includes the Paperlink income statement. The impact of the increase in finance costs due to the investment in the recycling business is negligible. A tax rate of 28% has been applied.
- 6 Partial early vesting of some elements of existing share awards granted to senior management of Mpact under the Mondi Limited Incentive Scheme resulting in an accelerated share based payment charge being incurred by Mpact which therefore has no impact on the *pro forma* Income Statement.
- 7 The dividend *in specie* declared to Mondi Limited Shareholders is recognised at the fair market value of those Mpact Shares distributed. Any difference between the fair value on date of distribution and the carrying value in Mondi Limited is recognised as a gain/loss in the income statement. Based on the illustrative equity values of R2 billion and R3 billion reflected in Part II, the midpoint of R2.5 billion has been assumed to be the fair value for the preparation of the *pro forma* Income Statement. The difference between Mondi's 89.55% share of this equity value and the carrying value, subsequent to the restructuring having been completed, in the books of Mondi Limited of the investment in Mpact, is recognised as a non-taxable gain in the income statement. The actual fair value will be determined based on the VWAP of the Mpact Shares traded on the JSE during the VWAP period and may be significantly different to the values presented in the *pro forma* adjustments.
- 8 The estimated transaction costs of €3 million. The transaction costs are deemed not to be tax deductible.
- 9 Represents the Group's *pro forma* consolidated income statement for the year ended 31 December 2010, before the impact of the Matching Action.

Pro-forma financial effects per Mondi Ordinary Share

The unaudited *pro forma* financial effects set out below are included for the purpose of illustrating the effects of the Demerger on Mondi's underlying earnings, diluted underlying earnings, basic earnings, diluted earnings, headline earnings, diluted headline earnings, net asset value and net tangible asset value, per Mondi Ordinary Share, for the year ended 31 December 2010 as if such transaction had occurred on 1 January 2010 for income statement purposes and 31 December 2010 for balance sheet purposes.

These unaudited *pro forma* financial effects of the Demerger are presented for illustrative purposes only and because of their nature, may not give a fair reflection of Mondi's position, changes in equity, results of operations or cash flows following implementation of the Demerger. For the avoidance of doubt, these financial effects do not include the impact of the Mondi Limited Consolidation. The Mondi Limited Consolidation will result in a reduction in the number of Mondi Limited Shares in issue and therefore reduce the dilutive impact of the Demerger on a per share basis. The actual impact on the per share figures, to be incorporated in a subsequent announcement, will be determined on the outcome of the process as set out in Part II of this Circular.

Per Mondi Ordinary Share (Euro cents)	Before the Demerger	After the Demerger	Percentage Change
Underlying earnings ¹	47.0	42.6	(9.4)
Basic earnings	44.1	48.8	10.7
Headline earnings ²	47.0	42.7	(9.1)
Diluted underlying earnings ¹	46.5	42.1	(9.5)
Diluted earnings	43.6	48.2	10.6
Diluted headline earnings ²	46.5	42.2	(9.2)
Net asset value	6.33	5.94	(6.2)
Tangible net asset value	5.71	5.47	(4.2)

Notes:

(1) *Underlying earnings per share excludes the impact of special items.*

(2) *The presentation of headline earnings per share is mandated under JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.*

PART VII

ADDITIONAL INFORMATION

1 Share capital of Mondi Limited before and after the Mondi Limited Nominal Value Conversion and the Mondi Limited Consolidation

Prior to the Mondi Limited Nominal Value Conversion, the authorised share capital of Mondi Limited will consist of 250,000,000 Mondi Limited Shares of R0.20 each, 650,000,000 Mondi Limited Special Converting Shares of R0.20 each, one SA DAS Share (as defined in the Mondi Limited Articles of Association) of R1.00, one SA DAN Share (as defined in the Mondi Limited Articles of Association) of R1.00 and one Limited Special Rights Share (as defined in the Mondi Limited Articles of Association) of R1.00.

Prior to the Mondi Limited Nominal Value Conversion, the issued share capital of Mondi Limited will consist of 146,896,322 Mondi Limited Shares of R0.20 each, 367,240,805 Mondi Limited Special Converting Shares of R0.20 each, one SA DAS Share (as defined in the Mondi Limited Articles of Association) of R1.00, one SA DAN Share (as defined in the Mondi Limited Articles of Association) of R1.00 and one Limited Special Rights Share (as defined in the Mondi Limited Articles of Association) of R1.00.

Following the Mondi Limited Nominal Value Conversion, save that the Mondi Limited Shares and the Mondi Limited Special Converting Shares will have no par value, the authorised and issued share capital of Mondi Limited will be unchanged.

The number of issued Mondi Limited Shares following the Mondi Limited Consolidation will be determined in accordance with the Consolidation Ratio.

2 General Meeting of Mondi Limited Shareholders

Following hereafter, and forming part of this Circular, is the Notice of the Mondi Limited General Meeting convened to be held at 12:00 on Thursday, 30 June 2011 at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions required to:

- authorise the Demerger;
- implement the Mondi Limited Nominal Value Conversion;
- implement the Mondi Limited Consolidation; and
- effect such consequential amendments as may be required to the Memorandum of Incorporation, in terms of the Companies Act.

3 Directors' Responsibility Statement

The Directors whose names are given on page 17 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and by the JSE Listings Requirements.

4 Consents

The persons whose details appear in the "*Corporate Information and Advisers*" section on page 3 of this Circular have consented in writing to act in the capacity stated and to their names being stated in this Circular and have not withdrawn their consents prior to the publication of this Circular. Furthermore, Deloitte & Touche has consented and has not withdrawn its consent to the issue of this Circular containing the independent reporting accountants report prepared by them.

For and on behalf of:

THE BOARD OF DIRECTORS OF MONDI LIMITED

Philip Laubscher
Company Secretary
31 May 2011

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA*
FINANCIAL INFORMATION OF MONDI GROUP FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2010**

“The Board of Directors
Mondi Limited
4th Floor, 3 Melrose Boulevard
Melrose Arch
Johannesburg
2196

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA*
FINANCIAL INFORMATION OF THE MONDI GROUP (*“Mondi Group”*)**

We have performed our limited assurance engagement in respect of the pro forma financial information set out in part VI of the circular dated on or about 31 May 2011 issued in connection with the demerger of Mondi Packaging South Africa Limited (being renamed to Mpack Limited) from the Mondi Group that is the subject of this circular of Mondi Limited. The pro forma financial information has been prepared in accordance with the requirements of the JSE Limited (*“JSE”*) Listings Requirements, for illustrative purposes only, to provide information about how the demerger might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the pro forma statement of financial position being reported on.

Directors' responsibility

The Directors are responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Mondi Group and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the *circular* to the Mondi Group shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of the Mondi Group the issuer, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of the Mondi Group and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an

audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of the section 8.17 and 8.30 of the JSE Listings Requirements:

- the pro forma financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of the issuer, and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed

Consent

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 31 May 2011 in the form and context in which it will appear.

Deloitte & Touche
Registered Auditors
Per Bronwyn Kilpatrick
Partner

19 May 2011

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock
Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Bam
Corporate Finance JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients &
Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request”

REPORT PREPARED BY THE BOARD OF DIRECTORS OF MONDI LIMITED IN RELATION TO THE CONVERSION OF THE MONDI LIMITED ORDINARY SHARES AND THE MONDI LIMITED SPECIAL CONVERTING SHARES TO SHARES HAVING NO PAR VALUE

1. Introduction

This Report sets out the various requirements of Regulation 31, as more fully discussed under paragraphs 3 and 4, required for the approval by special resolution by the shareholders of Mondi Limited to effect the conversion of the Mondi Limited Shares and the Mondi Limited Special Converting Shares to shares having no par value.

2. Definitions

- 2.1 “**Company**” means Mondi Limited;
- 2.2 “**Conversion**” means the proposed conversion of the Mondi Limited Shares and the Mondi Limited Special Converting Shares to shares having no nominal or par value without detracting from any of the rights currently associated with the Mondi Limited Shares and the Mondi Limited Special Converting Shares;
- 2.3 “**DLC Structure**” means the arrangement whereby, *inter alia*, Mondi plc and Mondi Limited have agreed to operate as a single corporate entity, with each company observing the principles applicable to the management and operation of the “dual listed company” structure that is in place for the combined group;
- 2.4 “**Memorandum of Incorporation**” means Mondi Limited’s memorandum of incorporation comprised of Mondi Limited’s memorandum of association and Mondi Limited’s articles of association;
- 2.5 “**Mondi Limited**” means Mondi Limited, a company incorporated in the Republic of South Africa with registration number 1967/013038/06, with its ordinary shares listed on the securities exchange of the JSE Limited;
- 2.6 “**Mondi Limited Shares**” means the ordinary shares in Mondi Limited with a par value of R0.20, in issue as at the date of this Report;
- 2.7 “**Mondi Limited Special Converting Shares**” means the convertible redeemable preference shares of a par value of R0.20 in the capital of the Company, in issue as at the date of this Report;
- 2.8 “**Mondi plc**” means Mondi plc, a company incorporated in England and Wales with registered number 6209386, with its ordinary shares listed on the London Stock Exchange plc and the JSE Limited;
- 2.9 “**Regulations**” means the regulations promulgated under the Companies Act, 71 of 2008, and “**Regulation**” shall be construed accordingly;
- 2.10 “**Report**” means this report prepared by the board of directors of Mondi Limited in terms of Regulation 31(7); and
- 2.11 “**Securities**” means any shares, debentures or other instruments, irrespective of their form or title, issued or authorised to be issued by Mondi Limited.

3. Special resolutions

In order to comply with the provisions of Regulation 31(6), the board of directors of Mondi Limited proposes that:

- 3.1 the holders of Mondi Limited Shares resolve that the following special resolution be passed to implement the Conversion:

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued Limited Ordinary Share (as defined in the Company’s Memorandum of Incorporation) of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value;

3.2 the holder of Mondi Limited Special Converting Shares resolves that the following resolution be passed to implement the Conversion:

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued Limited Special Converting Shares (as defined in the Company's Memorandum of Incorporation) of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value; and

3.3 all of the shareholders of Mondi Limited resolve that the following special resolution be passed to implement the Conversion:

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued:

(i) Limited Ordinary Share of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value; and

(ii) Limited Special Converting Share of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value,

and, for the avoidance of doubt, any authorities granted by the shareholders of Mondi Limited in regard to Limited Ordinary Shares of R0.20 and Limited Special Converting Shares of R0.20 at the Company's annual general meeting on Thursday, 5 May 2011 remain valid and in force in respect of Limited Ordinary Shares and Limited Special Converting Shares in the Company with no par value.

4. Further information and effect

This paragraph 4 sets out the disclosure required to be made as contemplated in Regulation 31(7) to the holders of Mondi Limited Shares and Mondi Limited Special Converting Shares.

4.1 Information that may affect the value of the Securities affected by the Conversion

The value of each of the Mondi Limited Shares and Mondi Limited Special Converting Shares will be unaffected by the Conversion as none of the underlying rights of the holders of the Mondi Limited Shares and the Mondi Limited Special Converting Shares will be affected by the Conversion.

4.2 Classes of holders of Mondi Limited's Securities affected by the Conversion

The Conversion will affect all registered holders of:

4.2.1 the Mondi Limited Shares; and

4.2.2 the Mondi Limited Special Converting Shares.

4.3 Material effects that the Conversion will have on the rights of the holders of Mondi Limited's Securities affected by the Conversion

4.3.1 Not one of the rights of the registered holders of the Mondi Limited Shares, the registered holders of the Mondi Limited Special Converting Shares or the registered holders of shares in Mondi plc will be affected by the Conversion and their respective rights in the DLC Structure will remain unaffected.

4.3.2 In particular, but without limitation, not one of the following rights attaching to the Mondi Limited Shares and the Mondi Limited Special Converting Shares will be affected by the Conversion:

4.3.2.1 the right to attend, speak, participate in and vote at a meeting of the shareholders of Mondi Limited;

4.3.2.2 the right to be entered into Mondi Limited's register of members;

4.3.2.3 the right to receive distributions, if and when declared and/or made by Mondi Limited; and

4.3.2.4 the right to receive the net assets of Mondi Limited on its liquidation.

4.4 Material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement

No compensation will be received by any persons pursuant to the Conversion contemplated herein and there will be no material adverse effects as a result of the Conversion.

Philip Laubscher
Company Secretary, Mondi Limited
31 May 2011

Registered office:
4th Floor
No 3 Melrose Boulevard
Melrose Arch, 2196
Gauteng, Republic of South Africa

NOTICE OF THE MONDI LIMITED GENERAL MEETING

Mondi Limited

(Incorporated in the Republic of South Africa)

(Registered No. 1967/013038/06)

JSE share code: MND ISIN: ZAE000097051

NOTICE IS HEREBY GIVEN that a General Meeting of Mondi Limited (the “**Company**”) will be held at 12:00 (SA time) on Thursday, 30 June 2011 at 10 Fricker Road, Illovo, 2196, Gauteng, Republic of South Africa.

The record date of the General Meeting is Tuesday, 28 June 2011 for shareholders of the Company who are entitled to participate in and vote at the General Meeting.

The General Meeting will transact the following business:

To consider and, if deemed fit, to pass, with or without modification, the following resolutions:

1 Ordinary Resolution 1

THAT, following the passing of Special Resolutions 1 and 4 below and subject to the provisions of section 46 of the Companies Act, (Act 71 of 2008), the Company be and is hereby authorised to distribute to its ordinary shareholders, *pro rata* to their respective holdings of ordinary shares in the Company on the Demerger Record Date (expected to be Friday, 15 July 2011), one ordinary share in the issued share capital of Mpact Limited held by the Company for every one Limited Ordinary Share (as defined in the Company’s Memorandum of Incorporation) held on the Demerger Record Date, upon the terms and conditions set out in the Circular to shareholders dated Tuesday, 31 May 2011 to which this notice of general meeting is attached and as an “unbundling” transaction as contemplated in section 46 of the Income Tax Act, 1962 (Act 58 of 1962), as amended.

2 Special Resolution 1

THAT the existing Memorandum of Incorporation of the Company be and is hereby amended by the deletion, in their entirety, of (i) the first paragraph of article 12 and (ii) article 12.1, and the substitution thereof with the following new (i) first paragraph of article 12 and (ii) article 12.1:

“Subject to Articles 66, 67 and 111 and any rights conferred on the holders of any class of shares, the Company may by special resolution:

12.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares or consolidate and reduce the number of issued no par value shares;”.

3 Special Resolution 2: by the holders of Limited Ordinary Shares

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued Limited Ordinary Share of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value.

4 Special Resolution 3: by the shareholders of the Company of all classes

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued:

- (i) Limited Ordinary Share of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value; and
- (ii) Limited Special Converting Share (as defined in the Company’s Memorandum of Incorporation) of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value,

and, for the avoidance of doubt, any authorities granted by the shareholders of the Company in regard to Limited Ordinary Shares of R0.20 and Limited Special Converting Shares of R0.20 at the Company's annual general meeting on Thursday, 5 May 2011 remain valid and in force in respect of Limited Ordinary Shares and Limited Special Converting Shares, with no par value.

5 **Special Resolution 4**

THAT, subject to the Demerger referred to in Ordinary Resolution 1 being implemented and conditional upon Special Resolutions 1 to 3 having been passed and implemented, each issued Limited Ordinary Share be consolidated according to a ratio to be derived from the formula set out in paragraph 4 of Part II of the Circular so as to arrive at a new number of Limited Ordinary Shares as calculated by such formula, on the Consolidation Record Date (expected to be Friday, 5 August 2011) and on the terms and conditions set out in Part II of the Circular to which this Notice of General Meeting is attached, to become new Limited Ordinary Shares, having the same rights and ranking *pari passu* in all respects with the existing Limited Ordinary Shares prior to the consolidation.

6 **Ordinary Resolution 2**

THAT, subject to and conditional on Ordinary Resolution 1 and Special Resolutions 1 to 4 being passed and implemented and conditional upon Mondi plc receiving the consent in writing from the holder of all PLC Special Converting Shares (as defined in Mondi plc's articles of association) in accordance with section 630 of the UK Companies Act 2006:

- (I) each of the PLC Special Converting Shares of €0.20 each in the capital of Mondi plc in issue at the time the new Limited Ordinary Shares referred to in Special Resolution 4 commence trading on the JSE (expected to be Monday, 1 August 2011) (or such other time and date as the Mondi plc board (or a duly authorised committee of the Mondi plc) may determine) be sub-divided into one new PLC Special Converting Share, of such nominal value that following their consolidation pursuant to Ordinary Resolution 2 (II) below their number will equal the new number of Limited Ordinary Shares following the implementation of Special Resolution 4 (the "**Intermediate PLC Special Converting Shares**"), having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing PLC Special Converting Shares of €0.20 each in the capital of Mondi plc (save as to nominal value), and one deferred share each of such nominal value as, when added with the nominal value of one Intermediate PLC Special Converting Share, would equal €0.20, having the rights and being subject to the restrictions set out below:
 - (a) notwithstanding any other provision of Mondi plc's articles of association, a deferred share:
 - (i) does not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital (save as provided below) and does not entitle its holder to any further or other right of participation in the assets of Mondi plc;
 - (ii) entitles its holder to participate on a return of assets on a winding-up of Mondi plc, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share and shall be paid only after the holders of any and all PLC Ordinary Shares (as defined in Mondi plc's articles of association) then in issue shall have received (A) payment in respect of such amount as is paid up or credited as paid up on those PLC Ordinary Shares held by them at that time plus (B) the payment in cash or *in specie* of £10,000,000 on each such PLC Ordinary Share;
 - (iii) does not entitle its holder to receive a share certificate in respect of his or her shareholding, save as required by law;
 - (iv) does not entitle its holder to receive notice of, nor attend, speak or vote at, any general meeting of Mondi plc; and
 - (v) shall not be transferable at any time other than with the prior written consent of the Mondi plc board;

- (b) Mondi plc shall have the irrevocable authority to authorise and instruct the secretary of Mondi plc (or any other person appointed for the purpose by the Mondi plc board) as agent for the holders of deferred shares to surrender the deferred shares to Mondi plc for no consideration and to execute on behalf of such holders such documents as are necessary in connection with such surrender without obtaining the sanction of the holder or holders thereof, and, pending such surrender, to retain the certificates, to the extent issued, for such deferred shares;
 - (c) any request by Mondi plc to surrender the deferred shares may be made by the Mondi plc board depositing at the registered office of Mondi plc a notice addressed to such person as the Mondi plc board shall have nominated on behalf of the holders of the deferred shares;
 - (d) Mondi plc shall have the irrevocable authority to appoint a single holder or any other person on behalf of all holders of deferred shares to exercise any vote to which holders of deferred shares may be entitled in any circumstances or for any other matter connected to the deferred shares;
 - (e) the rights attached to the deferred shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares, any amendment or variation of the rights of any other class of shares of Mondi plc, Mondi plc reducing its share capital or the surrender, or purchase, of any share, whether a deferred share or otherwise;
 - (f) Mondi plc shall have the irrevocable authority to cancel any deferred share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such deferred share; and
- (II) all of the Intermediate PLC Special Converting Shares be consolidated into new PLC Special Converting Shares of €0.20 each in the capital of Mondi plc, equal in number to the new number of Limited Ordinary Shares calculated by the formula referred to in Special Resolution 4 and having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing PLC Special Converting Shares of €0.20 each in the capital of Mondi plc.

7 **Ordinary Resolution 3**

THAT, any director of the Company or Mondi plc, from time to time, be authorised to do all things, sign all documents, and negotiate, finalise and conclude all agreements, perform all acts, take all actions and do all things on behalf of the Company or Mondi plc that may be required in order to give effect to and implement the Resolutions set out above.

An ordinary resolution must be supported by more than 50% of the voting rights exercised on such resolution.

A special resolution must be supported by at least 75% of the voting rights exercised on such resolution.

By order of the Board

Philip Laubscher

Company Secretary, Mondi Limited

31 May 2011

Registered office:

4th Floor

No 3 Melrose Boulevard

Melrose Arch, 2196

Gauteng

Republic of South Africa

Registered in the Republic of South Africa No. 1967/013038/06

Notes to the Notice of the Mondi Limited General Meeting

Conversion of par value shares to no par value shares

For the conversion of par value shares to no par value shares, the Companies Act requires a vote of all classes of shareholders of the Company as well as a vote, as a separate class, of the holders of the class of shares being converted, in the case of Special Resolution 2 that is the holders of Limited Ordinary Shares only.

Class Rights Actions

With the exception of Special Resolution 2, all of the Resolutions are Class Rights Actions under the Company's Memorandum of Incorporation and, accordingly, shall not be effective unless passed by (i) a vote in favour by the holders of Limited Ordinary Shares and the Limited Special Converting Shares voting as a single class, (ii) a vote in favour by the holders of the PLC Ordinary Shares and (iii) the written notice of the holder of the PLC Special Voting Share (as defined in the Company's Memorandum of Incorporation), and such approvals and notice shall be obtained in accordance with the following procedure:

- 1 the holders of Limited Ordinary Shares and the holder of the Limited Special Converting Shares are entitled to vote on a poll as a single class at the Mondi Limited General Meeting. The poll will not be closed in relation to the Limited Special Converting Shares until their holder has either given written consent to the Resolutions or withheld its consent (in accordance with paragraph 5 below);
- 2 at the parallel General Meeting of Mondi plc the holders of the PLC Ordinary Shares will also vote on the relevant Resolutions;
- 3 when the votes cast by the holders of the Limited Ordinary Shares have been determined, the Company will send to Mondi plc and to the holder of the PLC Special Voting Share written notice confirming whether or not the relevant Resolutions have been approved;
- 4 when the result of the vote on the relevant Resolutions at the meeting of the Mondi plc Shareholders has been declared or determined, Mondi plc will send to the Company and the holder of the Limited Special Converting Shares written notice confirming whether or not the relevant Resolutions have been approved;
- 5 the holder of the Limited Special Converting Shares shall:
 - 5.1 on receipt of a notice from Mondi plc confirming the relevant Resolutions have been passed, give its written consent to the relevant Resolutions; and
 - 5.2 on receipt of a notice from Mondi plc confirming the relevant Resolutions have not been obtained, withhold its written consent to the relevant Resolutions; and
- 6 the holder of the PLC Special Voting Share shall:
 - 6.1 on receipt of a notice from the Company confirming the relevant Resolutions have been passed, not vote on the relevant Resolutions and shall send written notice to Mondi plc to this effect; and
 - 6.2 on receipt of a notice from the Company confirming the relevant Resolutions have not been passed, vote against the relevant Resolutions and shall have sufficient votes to defeat such Resolutions.

Proxy appointment

Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Mondi Limited General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of Mondi Limited. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of the Mondi Limited General Meeting.

To be valid, any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Link Market Services South Africa (Proprietary) Limited (the Transfer Secretaries) at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg 2000), Republic of South Africa, in each case, so as to be received no later than 12:00 (SA time) on Tuesday, 28 June 2011.

The return of a completed Form of Proxy will not prevent a Mondi Limited Shareholder attending the Mondi Limited General Meeting and voting in person if he wishes to do so.

Entitlement to attend and vote

To be entitled to attend and vote at the Mondi Limited General Meeting (and for the purpose of the determination by Mondi Limited of the votes they may cast), Mondi Limited Shareholders must be registered in the Register at 18:00 (SA time) on Tuesday, 28 June 2011 (or, in the event of any adjournment, at 18:00 (SA time) on the date which is two days before the time of the adjourned meeting). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. In terms of the Companies Act and the Company's Memorandum of Incorporation, each registered holder of a Limited Ordinary Share and the holder of the Limited Special Converting Shares will have the right to vote in connection with a matter to be considered at the Mondi Limited General Meeting. In terms of the Companies Act, each registered holder of a share in each and any class of shares in Mondi Limited will have the right to vote on Special Resolution 3.

Mondi Limited Shareholders can participate in the meeting by means of electronic communication, by dialing +27(0)11 535 3600, providing the password, which is "Mondi EGM", and identifying themselves. Mondi Limited Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the meeting (see above). Access to the means of electronic communication will be at the expense of the Mondi Limited Shareholder.

Documents available for inspection

A copy of Mondi Limited's Memorandum of Incorporation, this Notice of the Mondi Limited General Meeting, the Circular and the Pre-listing Statement will be available for inspection at the registered offices of Mondi Limited during normal business hours on any business day (excluding public holidays) from the date of this Notice of the Mondi Limited General Meeting until the close of the Mondi Limited General Meeting.

Appraisal rights

At any time before a resolution proposing an amendment to Mondi Limited's Memorandum of Incorporation is to be voted on, a dissenting shareholder may give the company a written notice objecting to such resolution and any such dissenting shareholder (to the extent he has not withdrawn his notice or voted in favour of the resolution) must be sent notice within 10 days of the General Meeting if the resolution is adopted. Such qualifying dissenting shareholder may demand that the Company pay him the fair value for all of the shares of the Company held by him.

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FORM OF SURRENDER (BLUE)



MONDI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1967/013038/06)
("Mondi Limited" or "the Company")
JSE share code: MND ISIN: ZAE000097051

Please read the instructions overleaf. Non-compliance with these instructions may result in the rejection of this form. If you are in any doubt as to how to complete this form, please consult your stockbroker, banker, attorneys, accountant or other professional adviser.

Note: A separate form is required for each shareholder.

FORM OF SURRENDER FOR THE MONDI LIMITED CONSOLIDATION (for use by Certificated Mondi Limited Shareholders only)

To: **MONDI LIMITED**
c/o Link Market Services South Africa (Proprietary) Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

TO BE COMPLETED BY CERTIFICATED MONDI LIMITED ORDINARY SHAREHOLDERS

I/We hereby surrender and enclose the Mondi Limited Ordinary Share certificate(s) listed below:

Certificate number(s)	Number of Mondi Limited Shares covered by each certificate
Total	

I/We irrevocably and in *rem suam* authorise you to produce the signature of such documents that may be necessary to complete the replacement of the Mondi Limited Shares with shares under the new consolidated share capital.

I/We hereby instruct you to forward the replacement share certificate/s to me/us by registered post, at my/our own risk, to the address overleaf and confirm that, where no address is specified, the share certificate/s will be forwarded to my/our address recorded in the share register of Mondi Limited.

My/Our signature(s) on the Form of Surrender constitutes my/our execution of this instruction.

Signature of shareholder _____

Assisted by me (where applicable) _____

Name (please print in BLOCK letters) _____

Capacity (please print in BLOCK letters) _____

Signed at _____ on _____ 2011

The Certificated Mondi Limited Ordinary Shareholder must complete the following information:
(please print in BLOCK letters)

Surname or Name of corporate body _____

First name/s (in full, if applicable) _____

Title (Mr, Mrs, Miss, Ms, etc) _____

Postal address (preferably PO Box address) _____

_____ Postal code _____

Office hours telephone number (including area code) _____ Area code () _____

INSTRUCTIONS

1. A receipt will not be issued for this Form of Surrender, or the documents lodged with it. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping with the other documents lodged.
2. A Certificated Mondi Limited Ordinary Shareholder married in community of property or a minor must ensure this Form of Surrender is also signed by his/her spouse or parent or guardian, as the case may be.
3. Where Certificated Mondi Limited Shares are jointly held, this form must be signed by joint holders.
4. If this form is signed under power of attorney, such power of attorney must be produced, unless it has already been registered with the transfer office of Mondi Limited.
5. If this form is signed on behalf of a company, close corporation, pension or provident fund, it must be accompanied by a certified copy of the resolution authorising the signature, unless it has already been registered with the transfer office of Mondi Limited.