

THIS DOCUMENT IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN

Mondi Limited

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

Mondi plc

(Incorporated in England and Wales)
(Registration number: 6209386)
JSE share code: MNP ISIN: GB00B1CRLC47
LSE share code: MNDI

31 May 2011

As part of the dual listed company structure, Mondi Limited and Mondi plc (together "Mondi Group") notify both the JSE Limited ("JSE") and the London Stock Exchange of matters required to be disclosed under the JSE Listings Requirements and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Announcement to shareholders of Mondi Group regarding:

- The proposed demerger of Mpact Limited (the proposed new name for Mondi Packaging South Africa Limited) by Mondi Limited to the ordinary shareholders of Mondi Limited ("Mondi Limited Shareholders"), (the "Demerger");
- The proposed conversion of Mondi Limited Ordinary Shares and Mondi Limited Special Converting Shares with a par value of R0.20 per share to shares of no par value (the "Mondi Limited Conversion"); and
- The proposed consolidation of the Mondi Limited Ordinary Shares (the "Mondi Limited Consolidation")

The proposed Demerger of Mpact (the proposed new name for Mondi Packaging South Africa Limited)

1 Introduction

On Thursday, 7 April 2011, Mondi Group announced its intention to demerge Mondi Packaging South Africa Limited and separately list it, under a new name, on the JSE. Its new name will be Mpact Limited ("Mpact"). 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 Mpact Share for every one Mondi Limited Ordinary Share held by each such shareholder, such that Mondi Limited's entire shareholding in Mpact Limited will be distributed to Mondi Limited Shareholders.

Mondi plc Shareholders will not be entitled to Mpack Shares; rather, they will receive the benefit of an appropriate adjustment, a “matching action” (for the purposes of the Dual Listed Companies (“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 ordinary shares (“Existing Mondi Limited Ordinary 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 Mondi Group.

After the Demerger and Mondi Limited Consolidation, Mondi Limited Shareholders will hold new Mondi Limited ordinary shares (“New Mondi Limited Ordinary Shares”) as well as the newly listed Mpack Shares. The New Mondi Limited Ordinary Shares will, as a result of the Mondi Limited Consolidation, replace the Existing Mondi Limited Ordinary Shares and will represent, in aggregate, a correspondingly decreased proportionate interest in the Mondi Group. The Demerger and Mondi Limited Consolidation will not affect the “Equalisation Ratio” used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1.

2 Conditions precedent

In terms of the Mondi Limited Articles of Association, Mondi Limited Shareholders are required to approve the Demerger, as a dividend *in specie*, by way of an ordinary resolution. Also, in terms of the SA Companies Act, the Mondi Limited Consolidation will require approval by special resolution of the Mondi Limited Shareholders. These approvals will be sought at the Mondi Limited General Meeting. The Boards have determined that the Demerger and the accompanying matching action (being the Mondi Limited Consolidation) should also be subject to the approval of Mondi plc Shareholders. These approvals are by way of a Class Rights Action and, accordingly, will not be effective unless passed by independent votes in favour by Mondi plc Shareholders and Mondi Limited Shareholders, respectively. To facilitate the Mondi Limited Consolidation, the Mondi Limited Ordinary Shares and Mondi Limited Special Converting Shares will, at the same time, be converted to shares with no par value.

Each resolution must be approved in order for the Demerger and Mondi Limited Consolidation to be implemented.

3 Rationale for the Demerger

Mpack is essentially southern African focused, with most of its operations located throughout South Africa and with single plants 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 Mondi 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 Mondi Group’s core strategic focus. The primary rationale

for seeking a separate JSE listing for Mpact 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 Mpact, with the ability to independently access capital in support of its strategic objectives, is in the best interests of Mpact, the Mondi Group and related stakeholders, including employees. The Demerger thereby endorses Mpact's own strategy and provides a clear benefit, as both the Mondi Group and Mpact will be able to take better advantage of their respective growth opportunities.

4 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 Mpact Share for every one Mondi Limited Ordinary Share held on the Demerger Record Date. Prior to the Demerger, it is intended that: (i) Mondi Limited and Shanduka will subscribe for new Mpact Shares; (ii) certain shareholder loans made to Mpact will be repaid using the cash proceeds received from the new share subscription as well as newly arranged borrowing facilities; and (iii) the Mpact Shares held by Mondi Limited's employee share ownership trust will be acquired by the Mondi Group, such that the Mondi Group's shareholding in Mpact will increase to 89.55% of the total number of Mpact Shares in issue following these steps and Shanduka's shareholding will reduce to 10.45%. It is the totality of this resulting interest in Mpact held by the Mondi Group which will be distributed to Mondi Limited Shareholders by way of the Demerger.

5 The Mondi Limited Consolidation

A consolidation of the Mondi Limited Ordinary Shares owned by Mondi Limited Shareholders, the effect of which will be to reduce their proportionate interest in the Mondi Group as a result of the reduction in the number of Mondi Limited Ordinary 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 is intended to have, as far as practicable, an equivalent but not necessarily identical economic effect on Mondi plc Shareholders as the economic effect that the Demerger will have on Mondi Limited Shareholders. The total number of New Mondi Limited Ordinary Shares held by Mondi Limited Shareholders after the Mondi Limited Consolidation will be determined by reference to the volume weighted average price ("VWAP") of Mpact Shares traded on the JSE, the VWAP of Existing Mondi Limited Ordinary Shares traded on the JSE and the VWAP of Mondi plc Ordinary Shares traded on the London Stock Exchange and JSE, in each case during the applicable VWAP determination period. A formula for determining the number of New Mondi Limited Ordinary Shares is set out in the Appendix to this announcement. The formula has been designed to ensure that the benefit per Mondi plc Ordinary 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 Ordinary Share received (in the form of Mpact Shares) by each Mondi Limited Shareholder pursuant to the Demerger. Because Mondi Limited Ordinary Shares will trade in pre-consolidated form until Monday, 1 August 2011 (the intended date for consolidation into the New Mondi Limited Ordinary Shares), the formula calculates a theoretical post-consolidation price based on the VWAP of

Existing Mondi Limited Ordinary Shares and Mondi plc Ordinary Shares, as well as Mpact Shares.

It is expected that the New Mondi Limited Ordinary 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 Ordinary Shares) remains in issue and that the Mondi plc Special Converting Shares issued by Mondi plc have the appropriate par value.

6 The Mondi Limited Nominal Value Conversion

The SA 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 SA Companies Act, it is proposed that resolutions be passed (in the case of Mondi Limited, as special resolutions) converting the issued as well as the authorised but unissued Mondi Limited Ordinary Shares and Mondi Limited Special Converting Shares to shares with no par value.

As required by the SA Companies Act and the regulations promulgated thereunder, the directors of Mondi Limited have caused a report to be prepared setting out the effects, if any, of the Mondi Limited Conversion, which is incorporated into the Circulars referred to in paragraph 14 below. A related amendment to the Mondi Limited Articles of Association is also being made, as set out in the respective notices of General Meeting. Other than having no par value, the Mondi Limited Conversion will have no effect on the trading of or rights attaching to Mondi Limited Ordinary Shares or Mondi Limited Special Converting Shares. The Mondi Limited Conversion will not affect the "Equalisation Ratio" used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1, or Mondi Limited's tax position.

7 Salient dates and times

Assuming the Resolutions in respect of the Demerger, the Mondi Limited Conversion and the Mondi Limited Consolidation are approved, set out below is an expected timetable of principal events. Each of the times and dates in the table below is indicative only and may be subject to change.

The General Meetings

Latest time and date for receipt of Mondi plc and Mondi Limited General Meetings Forms of Proxy	11.00 a.m. (UK) / 12.00 p.m. (South Africa) on Tuesday, 28 June 2011
Mondi plc General Meeting and Mondi Limited General	11.00 a.m. (UK) / 12.00 p.m. (South Africa) on Thursday,

Meeting	30 June 2011
The Demerger	
Last day to trade in Mondi Limited Ordinary Shares on the JSE to participate in the Demerger	Friday, 8 July 2011
Mondi Limited Ordinary Shares trade “ex” the entitlement to Mpac Shares	Monday, 11 July 2011
Mpac Shares listed and commence trading on the JSE	Monday, 11 July 2011
Demerger Record Date	Friday, 15 July 2011
Demerger effected	Monday, 18 July 2011
The Mondi Limited Conversion and Mondi Limited Consolidation	
VWAP determination period	from 8.00 a.m. (UK) / 9.00 a.m. (South Africa) on Monday, 11 July 2011 to 4.00 p.m. (UK) / 5.00 p.m. (South Africa) on Thursday, 21 July 2011
Announcement of the Consolidation Ratio	Friday, 22 July 2011
Last day to trade in Existing Mondi Limited Ordinary Shares	Friday, 29 July 2011
New Mondi Limited Ordinary Shares listed and commence trading on the JSE	Monday, 1 August 2011
Conversion and Consolidation Record Date	Friday, 5 August 2011
Conversion and Consolidation effected	Monday, 8 August 2011
<i>Note: A full timetable of events in connection with the Demerger is set out in the Mpac pre-listing statement and in the Circulars. Only the key dates in relation to the Demerger, the Mondi Limited Conversion and Mondi Limited Consolidation and the Mondi plc and Mondi Limited General Meetings are set out here. If any of the above times and/or dates change, the revised timetable and/or dates will be notified to Mondi plc Shareholders and Mondi Limited Shareholders by announcement through a Regulatory Information Service and SENS.</i>	

8 Effect of the Demerger and Mondi Limited Consolidation on Mondi

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

The Mondi Limited Consolidation is intended to reduce the number of issued Mondi Limited Ordinary Shares by approximately the same value as the value of the Mpac Shares received by Mondi Limited Shareholders. There will be no effect on the number of Mondi plc Ordinary Shares held by Mondi plc Shareholders, although, as described above, the proportionate shareholding interest in the Mondi Group

following the Demerger represented by the Mondi plc Ordinary Shares will increase and, accordingly, there will be an increase in the Mondi plc Shareholders' aggregate proportionate economic and voting interest in the Mondi Group. The Mondi Limited Consolidation, accordingly, will compensate Mondi plc Shareholders for the value of Mpack 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 the Demerger on Mondi Limited Shareholders.

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

The Demerger and Mondi Limited Consolidation will not affect the status of Mondi plc's listings on the London Stock Exchange and the JSE or Mondi Limited's listing on the JSE, other than that Mondi Limited Ordinary Shares will trade on the JSE under a new ISIN following the Mondi Limited Consolidation.

In compliance with the JSE Listings Requirements, the Mondi 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.

Mondi Group 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.

Mondi Limited currently has a "Level 3 Contributor" rating in terms of the Codes of Good Practice on Black Economic Empowerment 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 seven elements used to measure compliance, it is not considered necessary to pursue any equity related initiatives to maintain an acceptable BBBEE rating.

9 Employee Share Plans

Options and awards will continue to subsist over Mondi plc Ordinary Shares and Mondi Limited Ordinary 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 Mondi's Employee Share Plans.

10 Related party transaction

Prior to the Demerger and listing of Mpact, certain Mondi Group and Shanduka shareholder loans will be repaid using the cash proceeds received from a new share subscription by Mondi Limited and Shanduka. The value of the Shanduka shareholder loans to be repaid is R168m. Shanduka Group, the holding company of Shanduka, is a related party of the Mondi Group for the purpose of the "Listing Rules" of the London Stock Exchange as Cyril Ramaphosa, joint chairman of the Mondi 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 and therefore a related party for the purposes of those rules. For the purpose of the JSE Listings Requirements, Shanduka is not treated as a related party.

11 Pro Forma financial effects of the Demerger for the financial year ended 31 December 2010

The pro forma financial effects of the Mondi Limited Consolidation will be disclosed to shareholders in a subsequent announcement once the exact details of the Mondi Limited Consolidation are available.

In accordance with the provisions of the JSE Listings Requirements, 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. The pro forma effects are the responsibility of the directors and have been prepared in accordance with the guidelines issued by the South African Institute of Chartered Accountants.

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 Group'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 Ordinary 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 will be incorporated in a subsequent announcement.

Per Mondi Ordinary Share (Euro cents)¹	Before the Demerger⁴	After the Demerger⁵	Percentage Change
Underlying earnings ²	47.0	42.6	(9.4)
Basic earnings	44.1	48.8	10.7
Headline earnings ³	47.0	42.7	(9.1)
Diluted underlying earnings ²	46.5	42.1	(9.5)
Diluted earnings	43.6	48.2	10.6
Diluted headline earnings ³	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 Full details of the *pro forma* financial effects of the Demerger are contained in the Circulars referred to in paragraph 14.

² *Underlying earnings per share excludes the impact of special items.*

³ *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.*

⁴ The Group financial information has been extracted, without adjustment, from the Group's audited results for the year ended 31 December 2010.

⁵ The adjustments include the following main items:

- The exclusion of Mpac's financial contribution to the Group including the reversal of all related consolidation adjustments;
- The impact of the recapitalisation of Mpac, as described in section 4 of this announcement;
- The dividend in specie declared to Mondi Limited Shareholders, recognised at the estimated fair market value of those Mpac Shares distributed; and
- Estimated transaction costs.

12 Mondi plc and Mondi Limited General Meetings

The Mondi plc General Meeting will be held on Thursday, 30 June 2011 at 11.00 a.m. (UK time) at One Silk Street, London EC2Y 8HQ, UK.

The Mondi Limited General Meeting will be held on Thursday, 30 June 2011 at 12.00 p.m. (South African time) at 10 Fricker Road, Illovo, 2196, Gauteng, South Africa.

Shareholders of both Mondi plc and Mondi Limited will be asked to vote on various resolutions (set out more fully in the notices convening the respective General Meetings) to approve the Demerger, the Mondi Limited Conversion, the Mondi Limited Consolidation and make amendments to the Mondi Limited Articles of Association and adjustments to the Mondi plc Special Converting Shares consequent thereon.

13 Restricted Shareholders

Mondi Limited Shareholders with registered addresses in any of Australia, Canada or Japan (each an "Excluded Territory") or who are located or resident in an Excluded Territory ("Restricted Shareholders") and, subject to certain exceptions, Mondi Limited Shareholders with registered addresses in the United States or who are located or resident in the United States ("US Shareholders") will not receive any Mpac Shares pursuant to the Demerger. A mechanism will be put in place so that

the Mpack 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 Mpack Shares on behalf of such Restricted Shareholders and US Shareholders. Mondi Limited or the third party shall co-ordinate the disposal of the Mpack Shares due to such Restricted Shareholders and US Shareholders for cash in South Africa and distribute the cash proceeds therefrom (translated into the relevant local currency or US dollars (as the case may be) 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 Mpack Shares. There can be no assurance as to what price such Restricted Shareholders or US Shareholders will receive from the disposal of such Mpack Shares or the timing of such receipt or the exchange rate that is achieved in converting the proceeds of the disposal of such Mpack Shares from South African rand into the relevant local currency. The disposal of Mpack Shares due to such Restricted Shareholders and US Shareholders will be pursuant to Regulation S under the US Securities Act of 1933 (the "US Securities Act").

14 Circulars

Mondi plc and Mondi Limited Circulars, including the notices convening General Meetings of each company, which documents contain full details of the Demerger, Mondi Limited Conversion and Mondi Limited Consolidation are being posted to Mondi plc and Mondi Limited Shareholders today, Tuesday, 31 May 2011. The Mpack pre-listing statement will also be posted today to Mondi Limited Shareholders entitled to receive Mpack Shares, and will be available on the Mondi Group's website (other than to Restricted Shareholders and, subject to certain exceptions, US Shareholders).

15 Documents available for inspection

A copy of the Mondi plc Articles of Association, Mondi Limited's Memorandum of Incorporation, the Circulars, incorporating the notices of the Mondi plc and Mondi Limited General Meetings, and the Mpack pre-listing statement will be available for inspection at the registered offices of Mondi Limited and Mondi plc and at One Silk Street, London EC2Y 8HQ, UK during normal business hours on any business day (excluding public holidays) from the date of this announcement until the close of the General Meeting.

16 Boards' recommendation and Directors' intentions

The Boards consider the Demerger, the Mondi Limited Conversion, the Mondi Limited Consolidation, the amendments to the Mondi Limited Articles of Association 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 plc Shareholders and Mondi Limited Shareholders vote in favour of the resolutions to be proposed at the General Meetings of Mondi plc and Mondi Limited, as the Directors intend to do in respect of their own beneficial holdings, being in aggregate 694,218 Mondi plc Ordinary Shares and 44,756 Mondi Limited Ordinary Shares, which represent 0.19% of Mondi plc's issued ordinary

share capital and 0.03% of Mondi Limited's issued ordinary share capital, respectively, as at Thursday, 19 May 2011. Mr Ramaphosa, as executive chairman of the 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.

17 Further cautionary announcement

Further to the announcement on 7 April 2011, the outcome of the proposed Demerger may have a material effect on the price of Mondi Group's securities. Accordingly, shareholders are advised to continue to exercise caution when dealing in their Mondi Group shares until a further announcement is made.

Rothschild is acting as financial adviser and transaction sponsor to the Mondi Group and Rand Merchant Bank is acting as financial adviser and transaction sponsor to Mpact.

/ends

Contact:

Mondi Group

Lora Rossler
Group Corporate Affairs Manager
Tel: +27 (0)31 451 2040 or +27 (0)83 627 0292
E-mail: lora.rossler@mondigroup.co.za

Kerry Crandon
Group Communications Manager
Tel: +27 (0)11 994 5425 or +27 (0)83 389 3738
E-mail: kerry.crandon@mondigroup.com

Andrew King
Group CFO
Tel: +27 (0)11 994 5415
E-mail: andrew.king@mondigroup.com

Appendix

Mondi Limited Consolidation formula

The Mondi Limited Consolidation will be implemented in accordance with the formula set out below. The total number of New Mondi Limited Ordinary Shares which will be held by Mondi Limited Shareholders will be determined by reference to the price of Mpact Shares (as measured by the VWAP of Mpact Shares traded on the JSE during the VWAP period), the price of Existing Mondi Limited Ordinary Shares (as measured by the VWAP of Existing Mondi Limited Ordinary Shares traded on the JSE during the VWAP period) and the price of Mondi plc Ordinary Shares (as measured by the VWAP of Mondi plc Ordinary Shares traded on the London Stock Exchange and the JSE during the VWAP period).

The total number of New Mondi Limited Ordinary 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 Ordinary Shares which will be held by Mondi Limited Shareholders;
- B = Number of Existing Mondi Limited Ordinary Shares in issue one day prior to the intended date of the Mondi Limited Consolidation;
- C = VWAP of Mpact Shares traded on the JSE during the VWAP period;
- D = Number of Mpact Shares to which Mondi Limited Shareholders are entitled¹; and
- E = Theoretical post-consolidation price calculated based on the VWAP of Mpact Shares traded on the JSE, the VWAP of Existing Mondi Limited Ordinary Shares traded on the JSE and the VWAP of Mondi plc Ordinary Shares traded on the London Stock Exchange 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 Ordinary Shares traded on the JSE during the VWAP period;
- G = VWAP of Mondi plc Ordinary Shares traded on the London Stock Exchange and the JSE during the VWAP period²; and
- H = Number of Mondi plc Ordinary Shares in issue one day prior to the intended date of the Mondi Limited Consolidation.

Notes:

¹ This number does not include the Mpact Shares that are owned by Shanduka.

² The VWAP of Mondi plc Ordinary Shares traded on the London Stock Exchange 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.

For illustrative purposes only, should the equity value of Mpact attributable to Mondi Limited Shareholders during the VWAP period be between R2 billion and R3 billion, using the Mondi Limited Ordinary Share and Mondi plc Ordinary 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 Ordinary Shares in issue would reduce to between approximately 117 and 102 million from the current 147 million Existing Mondi Limited Ordinary Shares. This equates to a consolidation of between approximately 20.3 and 30.4% of the Existing Mondi Limited Ordinary Shares. Based on these assumptions, following the Demerger and 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 Mondi Group, as compared to the current 28.6%. The actual number of New Mondi Limited Ordinary Shares to be derived from Existing Mondi Limited Ordinary Shares will depend on the actual VWAPs of Mpact Shares, Mondi Limited Ordinary Shares and Mondi plc Ordinary Shares at the relevant time and may be higher or lower than these indicative figures.

Editors' notes

About Mondi:

Mondi is an international paper and packaging group, with production operations across 31 countries and revenues of €6.2 billion in 2010. The Mondi Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2010, Mondi employed approximately 29,000 people.

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

The Mondi Group is principally involved in the manufacture of packaging paper, converted packaging products and uncoated fine paper (UFP).

Mondi has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI. The Mondi Group has been recognised for its sustainability through its inclusion in the FTSE4Good UK, Europe and Global indices in 2008, 2009 and 2010 and the JSE's Socially Responsible Investment (SRI) Index in 2007, 2008, 2009 and 2010.

About Mpact:

Turnover: R5.7 billion in 2010 from continuing operations
EBITDA: R794 million in 2010 from continuing operations
PBT: R86 million in 2010 from continuing operations
Gross assets: R5.1 billion in 2010 from continuing operations
Employees: approximately 3,500
Operations: 22 manufacturing operations, 29 operating sites
Revenue mix: Plastics 23%, Paper 77% in 2010 from continuing operations

Notice to Shareholders

This announcement does not constitute an offer to sell nor a solicitation to buy securities as such terms are defined under the US Securities Act.

The securities referenced herein 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 Mpact Shares in the United States.

The securities referenced herein have not been and will not be registered under the securities laws of Australia, Canada or Japan and may not be offered, sold, taken up or renounced, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws.