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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

20 July 2011

As part of the dual listed companies 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 Listings Requirements of the JSE and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Apportionment of cost for South African taxation purposes in respect of the demerger by Mondi Limited of its 89.55% ordinary shareholding in Mpact Limited (formerly Mondi Packaging South Africa Limited)

Introduction

Mondi Limited ordinary shareholders ("Mondi Limited Shareholders") are referred to the circular dated Tuesday, 31 May 2011 (the "Circular") regarding, *inter alia*, the demerger by Mondi Limited of its 89.55% ordinary shareholding in Mpact Limited (formerly Mondi Packaging South Africa Limited) ("Mpact") to Mondi Limited Shareholders (the "Demerger").

On Monday, 18 July 2011 Mondi Limited demerged and distributed, in compliance with section 46 of the South African Companies Act, 2008 and in terms of section 46 of the South African Income Tax Act, 1962 ("Income Tax Act"), 146,896,322 Mpact ordinary shares ("Mpact Shares") to Mondi Limited Shareholders recorded as such in the shareholders register of Mondi Limited on Friday, 15 July 2011 (the "Record Date") such that each Mondi Limited Shareholder received 1 (one) Mpact share for every 1 (one) Mondi Limited ordinary share ("Mondi Limited Ordinary Share") held on the Record Date.

The Demerger was effected as a "dividend", as defined in section 1 of the Income Tax Act, solely out of Mondi Limited's reserves.

As detailed in Part III to the Circular, Mondi Limited Shareholders who are tax resident in South Africa will have a combined expenditure ("Combined Expenditure") in respect of their Mondi Limited Ordinary Shares and the Mpact Shares received pursuant to the Demerger ("Mpact Demerged Shares"). For Mondi Limited Ordinary Shares held on trading account, the Combined Expenditure will be equal to the original expenditure incurred in respect of such Mondi Limited Ordinary Shares, as contemplated in section 11(a), section 22(1) or section 22(2) of the South African Income Tax Act. For Mondi Limited Ordinary Shares held on capital account, the Combined Expenditure will be equal to the original expenditure incurred in respect of such Mondi Limited Ordinary Shares, as contemplated in paragraph 20 of the Eighth Schedule to the South African Income Tax Act.

The purpose of this announcement is to notify Mondi Limited Shareholders who are tax resident in South Africa of the apportionment ratio to be applied to the Combined Expenditure in determining the portion of the Combined Expenditure to be allocated to the Mpact Demerged Shares and the Mondi Limited Ordinary Shares.

The apportionment ratio

The ratio of the respective market values of a Mondi Limited Ordinary Share held after the Demerger and an Mpact Demerged Share on the JSE as at close of trade on Tuesday, 19 July 2011 was 80.539% relating to a Mondi Limited Ordinary Share held after the Demerger and 19.461% relating to an Mpact Demerged Share (the "Apportionment Ratio").

The Apportionment Ratio is to be used for South African taxation purposes to apportion the Combined Expenditure between the Mpact Demerged Shares and the Mondi Limited Ordinary Shares for the determination of profits and losses, of a capital or trading nature, to be derived on any future disposals of the Mpact Demerged Shares and/or the Mondi Limited Ordinary Shares.

Finally, in determining the base cost for the Mpact Demerged Shares and the Mondi Limited Ordinary Shares for South African capital gains tax purposes, Mondi Limited Shareholders are deemed to have acquired both the Mondi Limited Ordinary Shares and the Mpact Demerged Shares on the dates on which the Mondi Limited Ordinary Shares were originally acquired.

Mondi Limited Shareholders are advised to consult their own tax advisors should they have any queries regarding the taxation consequences of the Demerger and the calculation of their costs for taxation purposes.

Illustrative example

Assume a Mondi Limited Shareholder who is tax resident in South Africa acquired 100 Mondi Limited Shares on 1 July 2008 as a capital asset for expenditure equal to R4,865.

The Combined Expenditure incurred by the Mondi Limited Shareholder in respect of his Retained Mondi Limited Shares and his Mpack Demerged Shares will be R4,865. For the determination of profits or losses to be derived on any future disposals of such shares, R946.78 (calculated as R4,865 x 19.461%) will be attributable to the Mpack Demerged Shares and R3,918.22 (calculated as R4,865 x 80.539%) will be attributable to the Retained Mondi Limited Shares.

Furthermore, the Mpack Demerged Shares will be deemed to have been acquired by the Mondi Limited Shareholder on the date that he originally acquired his Retained Mondi Limited Shares, namely 1 July 2008.

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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 Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2010, Mondi employed 29,000 people (2010 figures include Mpack).

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

Mondi has a dual listed companies 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, as well as a secondary listing for Mondi plc on the JSE under the ticker code MNP. The 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.

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 Mpack 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.