JOHANNESBURG STOCK EXCHANGE
Equity Derivatives

Market Notice

Number: **F4353**

Date: **30 June 2010**

Treatment of Tiger Brands Limited (TBSQ) Corporate Action - 05 July 2010 (Ex. Date)

Members notice is drawn to section 13 of the JSE Derivatives Directives, Equity Derivatives Contract Specifications (http://www.jse.co.za/ssf/contract_specifications.jsp), which states:

"13. Corporate Events

The JSE reserves the right to adopt any procedure or to adjust any single stock future or option on a single stock future, in a manner it deems fit, to deal with any extraordinary corporate events that may occur from time to time in relation to a share that is the underlying instrument of the equity option and to notify position holders, derivatives members and any other interested parties, of such event and the procedure or adjustment adopted. Such events include, for example, mergers, take-overs, unbundlings, capitalisation issues and rights issues."

The implication of this is that anybody trading in Single Stock futures or options on Single Stock futures in which the underlying stock is the subject of an extraordinary corporate event should be aware that the JSE may make adjustments to the Single Stock futures and options.

Capital Reduction.

Tiger Brands Limited (TBSQ) has declared a capital reduction of 270 cents per share. With regard to this corporate action, the following adjustments will be made to positions held in this contract on Monday, 05th July 2010 **(Ex date)**. The adjustments will be made to positions held in TBSQ as at close of business on Friday, 02nd July 2010 **(LDT).**

1. Futures contracts.

The futures position will be increased by the following factor:

Calculation of futures factor:

Spot price / adjusted price

JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa. Private Bag X991174, Sandton, 2146, South Africa. Telephone: +27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

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Where:

Spot price = the official closing price of the underlying share on Friday, 02nd July 2010 (LDT).

Adjusted price = Spot price – 2.70 (capital reduction).

E.g. if the official closing price of the underlying share on Friday, 02nd July 2010 (LDT) is 175.00 the following would apply:-

Spot price = 175.00

Adjusted price = 175.00 – 2.70

= 172.30

Futures factor = 175.00 /172.30

= 1.01567034242

I.e. Current positions*****Factor (rounded to nearest whole contract) = the number of total contracts. Additional contracts will be created at an initial value of zero.

NB: -

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

2. Option contracts.

a. The options position will be increased by the same factor as the futures above.

b. The option strikes will be adjusted by the following factor:

Calculation of options factor (based on the example above):

Adjusted price / spot price

Options factor = 172.30 /175.00

= 0.98457142857

E.g. if the old strike is 175.00 the following would apply:-

New strike = Old strike * options factor

= 175.00 * 0.98457142857

= <u>172.30</u>

Existing positions will be closed out at a 0 value and new positions opened at the new strike with a 0 value.

<u>NB: -</u>

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

Should you have any queries please contact Imraan Hendrix on (011) 520-7349

Allan Thomson
Director: Trading
Tel: +27 11 520 7082
Fax: +27 11 520 7551
E-mail Address allant@jse.co.za
Distributed by the Company Secretariat +27 11 520 7591