

## ACTION REQUIRED BY SHAREHOLDERS

**This circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, consult your broker, attorney or other professional advisor immediately.**

No action is required if you wish to receive the capitalisation award. You are not required to pay for the ordinary shares to which you are entitled in terms of this capitalisation award.

Shareholders may make the election to receive the cash dividend alternative in respect of all or any of their shares held on the record date.

If you wish to receive the cash dividend alternative, in place of receiving the capitalisation award in respect of all or part of your shareholding held on the record date, please note the following action that is required by you:

**- Certificated shareholders:**

Shareholders who hold certificated AECI ordinary shares ("certificated shareholders") must complete the attached form of election (blue) in accordance with the instructions contained therein and lodge it with the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) or Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England ("the transfer secretaries"), to be received by them by no later than 12:00 on Friday, 2 October 2009. Forms of election received after this date and time will **not** be accepted.

Certificated shareholders who wish to have the cash dividend alternative paid into their personal bank account via electronic transfer should provide their banking details on the attached form of election. Where no banking details are provided, dividend cheques will be dispatched to all certificated shareholders who have elected the cash dividend alternative, by ordinary post at the risk of such shareholder, on Monday, 5 October 2009 to their registered addresses or in accordance with the instructions given to the transfer secretaries.

**- Dematerialised shareholders:**

Shareholders who have dematerialised their AECI shares through a Central Securities Depository Participant ("CSDP") or broker ("dematerialised shareholders") **must not** complete the attached form of election (blue) but are required to notify their duly appointed CSDP or broker of their choice in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between such shareholders and their CSDP or broker, if they wish to receive the cash dividend alternative, failing which they will receive the capitalisation award.

# AECI

## AECI Limited

(Incorporated in the Republic of South Africa)

(Registration number 1924/002590/06)

Share code: AFE ISIN: ZAE000000220

("AECI" or "the Company")

## Circular to shareholders

relating to:

**a capitalisation award with a cash dividend alternative;**

including:

**a form of election (for use by certificated shareholders only).**

**SHAREHOLDERS NOT ELECTING TO RECEIVE THE CASH DIVIDEND ALTERNATIVE IN RESPECT OF ALL OR PART OF THEIR SHAREHOLDING WILL, BY DEFAULT, BE ISSUED WITH FULLY PAID ORDINARY SHARES IN TERMS OF THE CAPITALISATION AWARD.**

### IMPORTANT DATES AND TIMES

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited ("JSE"), the relevant dates for the capitalisation award are as follows:

	<b>2009</b>
Last day to trade in AECI ordinary shares to participate in the capitalisation award on	Friday, 25 September
Shares trade "ex" the capitalisation award on	Monday, 28 September
Listing of the maximum number of new ordinary shares that may be taken up in terms of the capitalisation award on	Monday, 28 September
Forms of election to be received by the transfer secretaries by no later than 12:00, in order to qualify for the cash dividend alternative, on	Friday, 2 October
Record date to participate in the capitalisation award on	Friday, 2 October
Payment of the cash dividend alternative to shareholders who have elected to receive the cash dividend in respect of all or part of their shareholding on	Monday, 5 October
New share certificates issued and posted by registered post to certificated shareholders or CSDP or broker accounts credited regarding the shares to be issued to shareholders who have not elected to participate in the cash dividend alternative in respect of all or part of their shareholding on	Monday, 5 October
The maximum number of new shares listed in terms of the capitalisation award, adjusted to reflect the actual number of shares issued in terms of the capitalisation award on or about	Tuesday, 6 October

1. Share certificates may not be dematerialised or rematerialised between Monday, 28 September 2009 and Friday, 2 October 2009, both days inclusive.
2. The above dates and times are subject to change. Any material changes will be released on SENS and published in the press.

### Merchant bank and sponsor



Date of issue: 7 September 2009

**This circular is available in English only. Copies may be obtained from the registered office of the Company and the transfer secretaries at the addresses set out below:**

**Registered office:** 1st Floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton.

**Transfer secretaries:** Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107). Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England.



## AECI Limited

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**Directors:** F Titi (*Chairman*), G N Edwards (*Chief Executive*)†, F P P Baker†, R M W Dunne\*, S Engelbrecht, Z Fuphe, K M Kathan†, M J Leeming, L M Nyhonyha, A C Parker

\*British †Executive

Acting Company Secretary: E A Rea

### 1. INTRODUCTION

In an announcement released by the Company on the Securities Exchange News Service ("SENS") on Tuesday, 28 July 2009 and published in the press on Wednesday, 29 July 2009, AECI ordinary shareholders ("shareholders") were advised that the AECI board of directors ("the Board") had resolved to issue fully paid ordinary shares in the Company ("shares" or "AECI shares") as a capitalisation award to shareholders ("the capitalisation award").

The Board has considered growth prospects and the desire to maintain the Group's debt-equity proportions and has therefore elected to award capitalisation shares out of the Company's distributable reserves.

Shareholders will be entitled as an alternative to the capitalisation award, in respect of all or part of their shareholding, to elect to receive a cash dividend of 28 cents per ordinary share ("the cash dividend alternative"), which will be paid only to those shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 2 October 2009, to receive the cash dividend alternative.

Shareholders not electing to receive the cash dividend alternative in respect of all or part of their shareholding will, by default, be issued with fully paid AECI shares in terms of the capitalisation award.

### 2. THE CAPITALISATION AWARD

#### 2.1 Terms of the capitalisation award

The number of capitalisation awards to which shareholders are entitled will be determined in the ratio that 28 cents per ordinary share bears to the 30-day volume-weighted average price for the Company's share, to be determined no later than Wednesday, 16 September 2009 ("the capitalisation shares").

Details of the ratio will be released on SENS no later than Thursday, 17 September 2009 and published in the press the following business day.

The amount to be capitalised from the reserves of AECI in order to be able to issue ordinary shares as fully paid-up will be determined in the ratio that 28 cents per ordinary share bears to the 30-day volume-weighted average price for the Company's ordinary share multiplied by the number of ordinary shares to be issued. The ordinary shares to be issued will be issued at a par value of R1.00 and the remainder of the amount capitalised from reserves will be taken to share premium.

#### 2.2 Fractions

The current Strate environment does not permit fractions or fractional entitlements of ordinary shares. Accordingly, when a shareholder's capitalisation award has been calculated in accordance with the above formula and such calculation gives rise to a fraction of an ordinary share being due to a shareholder, such fraction will be rounded up to the nearest whole number, where the fraction is greater than or equal to 0.5 and rounded down to the nearest whole number, where the fraction is smaller than 0.5.

#### 2.3 Tax implications

The capitalisation award and the cash dividend alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult with their professional advisors should they be in any doubt as to the appropriate action to take.

### 3. LISTING OF NEW AECI SHARES

Application will be made to the JSE to list the maximum possible number of capitalisation shares to be issued in terms of the capitalisation award, with effect from the commencement of business on Monday, 28 September 2009. The JSE will adjust the number of new shares listed on or about Tuesday, 6 October 2009.

### 4. EXCHANGE CONTROL

In terms of the Exchange Control Regulations of the Republic of South Africa ("South Africa"):

#### 4.1 In the case of certificated shareholders:

- any share certificates that may be issued to non-resident shareholders will be endorsed "non-resident";
- any new share certificates issued based on emigrants' shares controlled in terms of the Exchange Control Regulations, will be forwarded to the Authorised Dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed "non-resident". The election by emigrants for the above purpose must be made through the Authorised Dealer in foreign exchange controlling their blocked assets; and
- dividend and residual cash payments are freely transferable from South Africa. In respect of all non-residents of the common monetary area, namely South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland, the dividend payments due will be sent to the registered address of the shareholder concerned or in accordance with instructions given to the transfer secretaries.

#### 4.2 In the case of dematerialised shareholders:

- any shares that may be issued to non-resident shareholders will be credited to their share accounts with their CSDP and a "non-resident" annotation will appear in the CSDP's register;
- any share issued based on emigrants' shares controlled in term of the Exchange Control Regulations, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios. The election by emigrants for the above purpose must be made through the Authorised Dealer in foreign exchange controlling their blocked assets;
- any dividend and residual cash payment due to non-resident shareholders who are not emigrants from the common monetary area, namely South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland, will be credited directly to the bank accounts nominated for the relevant shareholders, by their duly appointed CSDP; and
- any dividend and residual cash payments due to emigrant shareholders will be credited to their non-resident bank accounts held with the Authorised Dealer controlling their blocked assets by their duly appointed CSDP.

Non-residents and emigrant dematerialised shareholders will have all aspects relating to Exchange Control managed by their CSDP.

### 5. EXPERTS' CONSENTS

The merchant bank and sponsor has consented in writing to act in the capacity stated and to its name being included in this circular and has not withdrawn its consent prior to the publication of this circular.

By order of the Board

**E A Rea**

Acting Company Secretary

Woodmead, Sandton  
7 September 2009

#### Transfer secretaries

Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107)  
Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England

#### Registered office

1st Floor  
AECI Place  
24 The Woodlands  
Woodlands Drive  
Woodmead, Sandton



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### **FORM OF ELECTION**

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**Only for use by shareholders who:**

**Hold ordinary AECI shares in certificated form and who elect to receive a cash dividend of 28 cents per ordinary share, in lieu of a capitalisation award, for all or part of their shareholding in AECI held or deemed to be held at the close of business on the record date, failing which the fully paid ordinary shares in terms of the capitalisation award will be distributed at the discretion of the Company.**

**Dematerialised shareholders who wish to receive the cash dividend alternative must instruct their CSDP or broker accordingly in terms of the custody agreement entered into between them and their CSDP or broker. Dematerialised shareholders must NOT use this form of election.**

**Shareholders who wish to receive the capitalisation award shares, being new fully paid ordinary shares in AECI, must NOT complete this form of election and no further action is required.**

I/We

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(name in BLOCK LETTERS)

Regarding the election:

Hereby elect to receive a cash dividend of 28 cents per ordinary share in respect of the number of ordinary shares in the capital of AECI reflected in Block (4) overleaf and on terms and conditions contained in this form of election and the accompanying circular.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2009

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Name and address of registered shareholder
(1)

Bank account details (if applicable)	Number of ordinary shares held or deemed to be held on the record date based on your shareholding at the close of business on Friday, 4 September 2009	Maximum cash payment to which you are entitled
	(2)	(3)

Number of ordinary shares for which the cash dividend alternative is elected – the remaining capitalisation share award will be calculated by the transfer secretaries. The maximum number of shares for which the cash election can be made is reflected in Block 2 above or, if shares have been transacted in the period from Friday, 4 September 2009, then the number of shares registered in AECI's register on the record date, being Friday, 2 October 2009	
(4)	
Date of signature	Signature

**Notes:**

- Shareholders should refer to the "Action required by shareholders" section on page 1 of this circular.
- The signature on this form of election of any person who is under legal disability shall be accompanied by the signature of such person's parent or guardian or legal representative, as the case may be.
- In order to be valid, this form of election must be properly completed and lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) or Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England ("the transfer secretaries"), to be received by them by no later than 12:00 on Friday, 2 October 2009.
- AECI reserves the right in its discretion to:
  - treat as invalid (in which case the capitalisation shares will be awarded) any form of election not complying with the terms of the election or any instruction contained herein;
  - require proof of the authority of the person signing this form of election where such proof has not yet been lodged with or recorded by the transfer secretaries.
- Fractional entitlements to capitalisation shares will not be allocated, but will be dealt with as explained in paragraph 2.2 of this circular.
- Any alteration or correction made to this form of election must be initialled by the signatory(ies).
- Shareholders should be aware that AECI undertakes no responsibility for verifying banking details provided and that these shareholders will be liable for any losses incurred due to incorrect banking details being given.