



SFE NOTICE NO.

111/08

Date of Issue: 26 August 2008

Effective Date: 1 September 2008

## Alumina Limited Entitlement Offer – Corporate Action Implications for ASX Alumina CFDs

### 1.0 Introduction

Alumina Limited (ASX Code: **AWC**) has announced on 25 August 2008 after market close, a pro-rata entitlement offer of **5 new securities for every 19 old securities at a subscription price of \$3.00**. The new securities are not entitled to participate in the 12 cents interim dividend, unlike the old securities.

The security will be in trading halts from Tuesday 26 August 2008 to Friday 29 August 2008, and is expected to resume trading on an ex-entitlement basis on Monday 1 September 2008.

The purpose of this SFE Notice is to describe the cash adjustments to be made to open positions in ASX Alumina CFDs (commodity code **AUK6**).

The Effective Date for cash adjustments for open positions in **AUK6** held at the close of business on the day prior to the resumption of ex-entitlement trading, on account of the **entitlement offer** will be Monday 1 September 2008.

### 2.0 Cash Adjustment for the Entitlement Offer

The following will occur for positions in AUK6 on account of the entitlement offer. The market implied value of the entitlement (or right) will be based on the CSAP (closing price) ex-entitlement of the underlying securities on Monday 1 September 2008.

#### Cash Adjustment per Account

$$CA = V \times R \times P \times N$$

Where:

- CA = Cash Adjustment amount, if any
- V = Implied value of an individual right or entitlement, if non zero
- R = Number of new shares entitled per old shares entitlement, (issue ratio)
- P = Number of shares per CFD ( this is 1 for a standard Equity CFD)
- N = Number of Open CFDs per account

Implied value of an individual right or entitlement is determined by the Exchange as

$$V = S - (d + C)$$

Where:

- S = CSAP (closing price) ex-entitlement
- d = Dividend (or distribution) difference, if any, between new and old securities = **\$0.12**
- C = Entitlement (or subscription) price to take up the new securities = **\$3.00**



Hence

$$V = S - (0.12 + 3.00)$$

So that the cash adjustment amount for each open CFDs per account

$$CA = V \times R$$

$$CA = (S - \$3.12) \times 5/19, \text{ rounded to nearest 1 cent}$$

Long position holders (at close of business on the day prior to the effective date) will be credited the cash adjustment. Short position holders will be debited.

It should be noted that only trades to open a position prior to the trading halt that are cum-entitlement, will therefore be subject to the above cash adjustment for positions held. As the market value of the entitlement is used by ASX (and not bookbuild value), this amount will only be determined after the close of trading on the first entitlement date of the underlying share on Monday 1 September 2008 using the CSAP.

Any new positions traded to open on the effective date itself are trading on an ex-entitlement basis, and are excluded from the cash adjustment.

The cash adjustment will be settled by SFECC on the day following the effective date, ie Tuesday 2 September 2008.

### 3.0 Further SFE Notice

Participants are advised that a further SFE Notice setting out the amount of cash adjustment will be issued as soon as is practicable, after the close of business on the effective date of Monday 1 September 2008.

### 4.0 Further information

Participants seeking further information in relation to this Notice should contact:

Peter Ho, Product Manager Equity Markets on 612 9227 0668 or [peter.ho@asx.com.au](mailto:peter.ho@asx.com.au).

Operational enquiries – Service Desk on 612 9256 0677 or [service.desk@asx.com.au](mailto:service.desk@asx.com.au)

A handwritten signature in black ink that reads 'David Raper'.

David Raper

General Manager, Trading Operations and Markets

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