

CIRCULAR



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To: All Members

No: 301/99

SFE's short-term agenda

The Chairman advised Floor Members at the yesterday's Extraordinary General Meeting, in the forthcoming months SFE will focus its attention on:

- the smooth operation of SYCOM® as the Exchange's prime trading platform;
- the stable management of SFE during the process of seeking a new Chief Executive; and
- an early clarification by SFE's Board as to the likelihood and timing of a successful demutualisation.

The Chairman subsequently issued a media release which stated: "SFE's advisers are currently finalising a report regarding demutualisation for the Board's immediate consideration. The report must convince the Board that the proposed allocation of entitlements to each SFE Member class has a reasonable probability of being accepted by the requisite majority of 75% of Floor Members and 50% of the other three Member classes, as well as satisfying legal requirements as to fairness. If the report fails to convince the Board of such, then it will be in the best interests of SFE to defer demutualisation for a time - probably in excess of 12 months - to allow SFE to focus on its core business strategies."

The Chairman also stated that: "Rumours regarding a renewed offer by Computershare and the Large Broker Group for SFE have been circulating for some time without coming to fruition. SFE has not been approached by either of these parties regarding any renewed offer. SFE's position is clear - unless the demutualisation entitlements are approved by the Membership, no offer, merger or takeover can occur."

Les Hosking
Chief Executive & Director

29/10/99

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