



South32 Unbundling from BHP Billiton: Informative Notice FTSE/JSE Africa Index Series

13 April 2015

This informative notice is issued for information purposes only and should not be used as the basis for investment decisions.

Background on Demerger

According to the demerger [circular](#) published by BHP Billiton, the South32 demerger is subject to shareholder approval at the Shareholder Meeting to be held on 6 May 2015, as well as the necessary regulatory approvals required. South32 will be a new listing on the Johannesburg Stock Exchange (JSE), London Stock Exchange (LSE) and Australian Securities Exchange (ASX). South32 will be spun out from both entities in the BHP Billiton Dual Listed Company (DLC) structure, namely BHP Billiton Limited and BHP Billiton Plc. If the demerger is approved and implemented existing shareholders of BHP Billiton Ltd and BHP Billiton Plc will receive one new share in South32 for every BHP Billiton share held.

It is estimated that 60% of the DLC structure value is currently accounted for by BHP Billiton Ltd and 40% by BHP Billiton Plc.

Index Rules and Indicative Index Treatment

According to the FTS/JSE Unbundling Ground Rule (8.2.4), South32 will be added to all indices of which BHP Billiton is currently a constituent for a period of two days, regardless of its eligibility. Should South32 meet all eligibility criteria at close on day one of trading, it will remain in the Index Series and the smallest company will be deleted from any indices with a fixed number of constituents (e.g. Top 40). However, should it not be eligible for index inclusion, South32 will be removed from the Index Series after close on day two of trading. As part of the unbundling treatment an adjustment will be applied to BHP Billiton on the ex-date by way of a capital repayment.

It is expected that South32 will be classified as foreign for index purposes as set out in Ground Rule 6.3.7. Therefore, the free float of South32 will be determined by the proportion of share capital that is held in dematerialised form and registered on the South African share register, maintained by Strate (6.3.1).

As 40% of South32 will be spun out of BHP Billiton Plc and 16.2% of BHP Billiton Plc is currently registered on the South African share register, the projected FTSE/JSE free float calculation would be as follows:

$$16.2\% \times 40\% = 6.5\%$$

As per Ground Rule 6.3.4, should a company's free float fall between 5% and 15%, it will only be eligible for the index providing the market capitalisation of its available float is greater than the average company's free float capitalisation within the Index, and it qualifies in all other respects. At the time of this announcement the average net market cap of the All Share index was approximately R43bn.

Estimated Timeline

The finalisation and implementation of this event in the FTSE/JSE Africa Index Series is subject to public notification from BHP Billiton or South32 and confirmation by the FTSE/JSE governance structures. An ICA notice, setting out the index treatment, will be published at close of business two days prior to the listing date, once finalised, and a second ICA notice will be published at close of business on listing date.

Should you require further information, please refer to the FTSE/JSE Ground Rules available at the link below or contact Indices on +27 11 520 7137 or indices@jse.co.za

FTSE/JSE Ground Rules:

<https://www.jse.co.za/content/JSEIndexClassificationandCodesItems/FTSE%20JSE%20Ground%20Rules%20v3%208%20Mar%202015.pdf>

For further information or general enquiries please contact us at info@ftse.com or indices@jse.co.za or call:

Client Services in UK:	Tel: +44 (0) 20 7866 1810
Client Services in Europe, Middle East & Africa:	Tel: +44 (0) 20 7866 1810
Client Services in US:	New York: (Domestic) + 1 888 747 FTSE (3873) / (International): +1 212 314 1139
Client Services in Asia Pacific:	Hong Kong: + 852 2164 3333 Australia:(Domestic Toll-Free) + 1800 653 680 / (International) + 61 (2) 9293 2864 Japan + 81 (3) 3581 2764
JSE Limited:	Tel: +27 11 520 7137

Alternatively please visit our website at www.ftse.com or www.ftsejse.co.za

[Terms of Use](#) | Copyright © FTSE