

## **BHP Billiton PLC (UK) and BHP Billiton Ltd (Australia): Demerger of South32 Ltd**

### **Treatment in FTSE RAFI Index Series- Informative Notice**

23 April 2015

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In accordance with the shareholder circular South32 is expected to demerge from BHP Billiton (BHPB) effective Monday 18 May 2015.

Under BHPB's Dual Listed Company (DLC) structure shareholders in both BHP Billiton plc (UK) and BHP Billiton Ltd (Australia) will receive 1 South32 share for each BHPB share held. Under the DLC structure this will result in approximately 40% of South32 shares being distributed to BHP Billiton plc and approximately 60% to BHP Billiton Ltd shareholders.

In accordance with FTSE rules, South32 will be assigned Australian Nationality and therefore will be ineligible for inclusion in the FTSE RAFI UK Index Series. South32 (Australia listed line) will be eligible for the FTSE All-World 3000, FTSE RAFI Global and FTSE RAFI Australia indices.

In order to apply FTSE index changes in a manner that can be closely replicated across both the FTSE RAFI UK and FTSE RAFI Global index series, South32 will be temporarily included in the FTSE RAFI UK index series based on the sterling equivalent of the Australian Stock Exchange (ASX) price.

FTSE is anticipating the following treatment:

#### **FTSE RAFI UK Index Series**

##### **Friday 15 May 2015 (at close):**

South32 (UK GBP Dummy line) will be added at an estimated price to the same FTSE RAFI UK Indices as BHP Billiton plc. The price of BHP Billiton plc will be adjusted down by the corresponding value with no index divisor change.

##### **Monday 18 May 2015 (at open):**

South32 (UK GBP Dummy line) will be updated based on the sterling equivalent of the ASX 18 May close price.

##### **Monday 18 May 2015 (at close):**

South32 (UK GBP Dummy Line) the sterling equivalent of the ASX 18 May close price will be updated based on 16.00 WM/Reuters FX rate.

##### **Tuesday 19 May 2015 (at open):**

South32 (UK GBP Dummy line) will be updated based on the sterling equivalent of the ASX 19 May closing price.

##### **Tuesday 19 May 2015 (at close):**

South32 (UK GBP Dummy line) the sterling equivalent of the ASX 19 May close price will be updated based on the 16.00 WM/Reuters FX rate and subsequently deleted from all FTSE RAFI UK Indices at close with index divisors adjusted accordingly.

The market capitalisation value of BHP Billiton plc (UK) will be increased to reflect the value of the South32 (UK GBP Dummy line) being deleted, thereby maintaining a cap neutral event in the FTSE RAFI UK index.

## **FTSE RAFI All-World 3000 and Global Indices**

### **Friday 15 May 2015 (at close):**

South32 (UK AUD Dummy line) will be added at an estimated price to the same FTSE RAFI All-World 3000 and FTSE RAFI Global Indices as BHP Billiton plc (UK). The price of BHP Billiton plc (UK) will be adjusted down by the corresponding value with no index divisor change.

South32 (Australian listed line) will be added at an estimated price to the same FTSE RAFI All-World 3000 and FTSE RAFI Global Indices as BHP Billiton Ltd (Australia). The price of BHP Billiton Ltd (Australia) will be adjusted down by the corresponding value with no index divisor change.

### **Monday 18 May 2015 (at UK open)**

South32 (UK AUD Dummy Line) will be updated based on the ASX close price.

### **Tuesday 19 May 2015 (at close):**

South32 (UK AUD Dummy line) will be deleted based on the ASX close price.

South32 (Australian listed line) will have its number of shares increased by the same number of shares being deleted from South32 (UK AUD Dummy line). The shares in issue increase for South32 (Australia listed line) **will not** be treated as a cap neutral event with the FTSE RAFI All-World 3000 and Global indices.

BHP Billiton plc (UK) and BHP Billiton Ltd (Australia) will remain constituents of their current FTSE All-World 3000 and FTSE RAFI Global Indices.

## **FTSE RAFI Australia Index Series**

### **Friday 15 May 2015 (at close):**

South32 (Australian listed line) will be added at an estimated price to the same FTSE RAFI Australia Indices as BHP Billiton Ltd (Australia). The price of BHP Billiton Ltd (Australia) will be adjusted down by the corresponding value with no index divisor change.

### **Tuesday 19 May 2015 (at close):**

South32 (Australian listed line) will have its number of shares increased by the same number of shares being deleted from South32 (UK AUD Dummy line). The shares in issue increase for South32 (Australia listed line) **will be** treated as a cap neutral event with the FTSE RAFI Australia Index Series.

FTSE will issue further notices closer to the effective date to confirm actual changes across the various FTSE index series impacted by this event.

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