

NEWS RELEASE

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DEMERGER UPDATE

BHP Billiton today announced a number of appointments to the management team of the new company it plans to create from its proposed demerger and provided an update on progress towards completion.

Speaking at an investor and analyst briefing in Sydney, Andrew Mackenzie, BHP Billiton Chief Executive Officer said: "The demerger is an important step for BHP Billiton. It will allow us to improve the productivity of our largest businesses more quickly and create a new company of global significance that is well positioned to maximise the value of its high-quality assets. We are making good progress and remain on track to complete the demerger in the first half of 2015."

Ricus Grimbeek has been appointed President and Chief Operating Officer Elect Australia and will be based in Perth. Mike Fraser has been appointed President and Chief Operating Officer Elect Africa and will be based in the new company's regional Johannesburg office.

Ricus will join the new company from Worsley, where he has been Asset President since November 2011. Ricus has deep operational experience having also served as Asset President of the Ekati Diamond mine and Executive Vice President (Mining and Concentrating) for Lonmin Platinum. Before joining Worsley he led BHP Billiton's Health, Safety, Environment and Community function.

Mike is currently a member of the BHP Billiton Group Management Committee and President, Human Resources. He has extensive experience in southern Africa, having worked at the Group's coal, aluminium and manganese assets before being appointed Asset President of the Mozal aluminium smelter.

Graham Kerr, Chief Executive Officer Elect of the new company said: "I am delighted to appoint such high calibre people to these key leadership roles. Ricus and Mike bring not only deep operational expertise, but the best of BHP Billiton's values and skills, including their relentless commitment to health, safety and our communities. Through this depth of experience they are well placed to further improve the performance of our operations."

"We are building a new company from the ground up and the process of establishing our regional operating model and leadership team is progressing to plan. With our 12 selected assets already well positioned in their respective industries, and the opportunity to further reduce overheads and increase productivity, we are well placed to benefit from the strong demand forecast for our products," he said.

Dividend policy

BHP Billiton Plc and BHP Billiton Limited shareholders will be entitled to 100 per cent of the shares in the new company through a pro-rata in-specie distribution. Shareholders will retain their shares in BHP Billiton and the Group will not re-base its dividend as a result of the demerger, implying a higher payout ratio. BHP Billiton remains committed to steadily increasing or at least maintaining its dividend per share in US dollar terms at each half yearly payment following the demerger. In addition, the new company will have the flexibility to consider a dividend policy that reflects its cash generating capacity.

Company brand and further proposed Board appointments

As previously announced David Crawford will chair the new company and will be joined on its Board by current BHP Billiton director Keith Rumble and executives Graham Kerr and Xolani Mkhwanazi. “We have made considerable progress towards developing the brand of the new company and in identifying additional prospective directors. We will announce the name and proposed directors before shareholders are asked to vote on the proposal,” Mr Crawford said.

Regulatory approvals and timetable

Good progress has been made in securing the government, taxation, regulatory and other third party approvals required to proceed with the demerger, with approval received from the Australian Foreign Investment Review Board and the Australian Taxation Office, amongst other third parties.

A final Board decision on the proposed demerger will be made once all necessary third party approvals are secured on satisfactory terms. On this basis, we expect to release all shareholder documentation with full details of the proposed demerger in March 2015, with a shareholder vote taking place in May.

Further information on the proposed demerger can be found at: www.bhpbilliton.com.

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