

BHP BILLITON LTD
Form 6-K
March 07, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

March 7, 2011

BHP BILLITON LIMITED

(ABN 49 004 028 077)

(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA

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(Jurisdiction of incorporation or organisation)

180 LONSDALE STREET, MELBOURNE,

VICTORIA

3000 AUSTRALIA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

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Attached is the Off-market Buy-Back Booklet (the Booklet) released by BHP Billiton Limited outside the United States (and Canada). The Buy-Back is not being made in the United States (or Canada) or by United States (or Canadian) jurisdictional means. The Buy-Back is not available to any person in the United States or to any US person (as defined under Regulation S under the Securities Act of 1933) or any resident of Canada. The Buy-Back is being made, and is intended to be available, only in countries outside the United States and Canada.

The attached Booklet is being submitted in accordance with the requirements to furnish a Form 6-K pursuant to the Securities Exchange Act of 1933, and not to induce, direct or indirect, participation by any person in the United States or any US person (as defined) or any resident of Canada. Accordingly, the attached does not include any means of tendering any securities of BHP Billiton Limited.

BHP Billiton will not accept Tender Forms:

- (a) from any person who does not represent that they are not (and they are not acting on behalf or for the account of a person who is) in the United States, a US Person or a resident of Canada; or
- (b) that have been postmarked in the United States or Canada or that otherwise appear to BHP Billiton or its agents to have been sent from the United States or Canada.

American Depositary Receipts representing BHP Billiton Limited shares may not be tendered in the Buy-Back.

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Important Dates

February 2011

24 February Last day that Shares can be acquired to be eligible for franking credit entitlement

25 February Shares quoted ex-entitlement to participate in the Buy-Back on the ASX*

March 2011

3 March Buy-Back Record Date: determination of eligible BHP Billiton Limited shareholders entitled to participate in the Buy-Back

16 March Mailing of Buy-Back Documents to BHP Billiton Limited shareholders completed

21 March Tender Period opens

April 2011

8 April Tender Period closes. Tenders must be received by the Registry no later than 7.00pm (Melbourne time)

11 April Announcement of the Buy-Back Price and scale back (if any)

18 April Dispatch/crediting of Buy-Back proceeds to participating BHP Billiton Limited shareholders completed

* Shares acquired on the ASX on or after this date will generally not confer an entitlement to participate in the Buy-Back

Shareholder enquiry line

For further information, shareholders may contact our dedicated Buy-Back enquiry line on **1300 612 584** within Australia, **0800 451 521** within New Zealand or **+61 3 9415 4868** if you are calling from outside Australia or New Zealand.

While BHP Billiton Limited does not anticipate any changes to these dates and times, it reserves the right to vary them without notification. BHP Billiton Limited may also decide not to proceed with the Buy-Back and may vary the size of the Buy-Back.

Eligibility to participate

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Subject to the following, you are eligible to participate in the Buy-Back if Shares are registered in your name on the Buy-Back Record Date (Thursday, 3 March 2011) and, in accordance with the Settlement Rules, the Shares confer an entitlement to receive this Buy-Back Invitation.

The Buy-Back Invitation is not being made to Excluded Foreign Persons. In particular, any person who is in the United States or who is a US Person or a resident of Canada is not entitled to participate, directly or indirectly, in the Buy-Back. Copies of the Buy-Back Documents are not being mailed or otherwise distributed or sent into the United States or Canada.

Any person receiving any of the Buy-Back Documents must not distribute or send them into the United States or Canada, or make them available to any US Person or resident of Canada (including to any legal or beneficial owner of BHP Billiton Limited shares that is a US Person or a resident of Canada) or any person who is in the United States or Canada.

BHP Billiton Limited will not accept Tender Forms:

- (a) from any person who does not represent that they are not (and they are not acting on behalf of or for the account of a person who is) in the United States, a US Person or a resident of Canada; or
- (b) that have been postmarked in the United States or Canada or that otherwise appear to BHP Billiton Limited or its agents to have been sent from the United States or Canada.

American Depositary Receipts (ADRs) representing BHP Billiton Limited shares and Restricted Employee Shares may not be tendered into the Buy-Back. This document does not provide financial product advice and has been prepared without taking into account your particular objectives, financial situation or needs. You should consider obtaining independent advice before making any financial decisions.

The date of this booklet is 24 February 2011 and all information contained in the booklet is current at that date (except where otherwise indicated).

BHP Billiton Limited is a member of the BHP Billiton Group which is headquartered in Australia.

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Chairman's Letter

Dear Shareholder

On 22 February 2011, BHP Billiton announced an off-market tender buy-back (Buy-Back) of BHP Billiton Limited shares with a target size of A\$5 billion to commence immediately. It forms an important part of the recently announced US\$10 billion expanded capital management program.

Our on-market buy-back of BHP Billiton Plc shares, which was reactivated in November 2010, forms the other component of this program and will largely continue during the Buy-Back process. It is our expectation, subject to market conditions, that the expanded capital management program will be largely completed by the end of the 2011 calendar year.

Further information on how to participate and tender your shares into the Buy-Back is described below, with full details contained in this booklet.

Capital Allocation Priorities

The expanded US\$10 billion capital management program continues BHP Billiton's track record of returning excess capital to shareholders. On completion, BHP Billiton will have repurchased approximately US\$23 billion of BHP Billiton Limited and BHP Billiton Plc shares since 2004, representing about 15 per cent of then issued capital.¹

The decision to buy back shares is consistent with BHP Billiton's priorities for capital allocation which are our commitment to:

- invest in value adding growth opportunities;

- manage the balance sheet to a solid 'A' credit rating; and

- return excess capital to shareholders.

BHP Billiton's particularly strong balance sheet affords us substantial flexibility as we continue with our significant organic growth program. We expect to invest in excess of US\$80 billion over five years on capital projects. These include projects in iron ore and metallurgical coal, which are at an advanced stage of the approvals process.

On 22 February 2011, BHP Billiton also announced that it had agreed to acquire all of Chesapeake Energy Corporation's interests in the Fayetteville Shale, USA, including the midstream pipeline system, for US\$4.75 billion, which BHP Billiton expects to fund from the Group's cash resources. The acquisition is consistent with BHP Billiton's strategy of investing in large, long-life, low-cost assets with significant volume growth from future development. It also supports our goal of diversification by geography, customer and product.

Consistent with our capital allocation priorities, the Board considered various ways to return excess capital to shareholders. We have determined that an off-market buy-back is an efficient and effective action that delivers long-lasting benefits to all

shareholders. More detail on the rationale for undertaking the Buy-Back is outlined in Sections 1.3 and 1.4 of this booklet.

Participation

Eligible shareholders of BHP Billiton Limited may tender some or all of their shares into the Buy-Back:

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at discounts of between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price;² or

as a Final Price Tender (which is an election to receive the Buy-Back Price).

BHP Billiton Limited will determine the Buy-Back Price according to the Tenders lodged and the Market Price, and may at its discretion, vary the size of the Buy-Back.

If you wish to submit a Tender, please ensure that your completed and signed Tender Form (a personalised Tender Form is enclosed with this booklet) is received by the Registry (if you are an Issuer Sponsored Holder), or your Tender is processed by your broker (if you are a CHESSE Holder), by no later than 7.00pm (Melbourne time) on Friday, 8 April 2011. You do not need to take any action if you do not wish to participate in the Buy-Back.

Taxation Implications

The Buy-Back Price comprises a Capital Component and a fully franked Dividend Component for Australian tax purposes. It is anticipated that shareholders who elect to participate in the Buy-Back will receive a Capital Component of A\$0.28 per Share,³ with the remainder of the Buy-Back Price deemed to be a fully franked dividend.

General Australian tax implications of the Buy-Back for shareholders are included in Section 2 of this booklet. You should obtain your own tax advice before making any decision to tender your Shares into the Buy-Back as it will have different tax consequences for different BHP Billiton Limited shareholders.

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Further Information

After reading the Buy-Back Documents, if you have any queries on how the Buy-Back operates or how you can participate, you may contact our dedicated Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand.

If you are in any doubt as to the action you should take, please contact your professional adviser.

Yours sincerely

Jac Nasser AO

Chairman

Notes:

- ¹ For illustrative purposes only. In this instance we have assumed a A\$5 billion off-market buy-back of BHP Billiton Limited shares (at a discount of 14 per cent) with the remainder of the capital management program completed through on-market buy-backs of BHP Billiton Plc shares. Based upon volume weighted average price during January 2011 of A\$45.05 per BHP Billiton Limited share and £24.64 per BHP Billiton Plc share, and issued capital for each as at 30 June 2004. Actual buy-back prices for the US\$10 billion capital management initiative may be different.
- ² Market Price (see definition in Section 5.1) is the volume weighted average price of BHP Billiton Limited ordinary shares on the ASX over the five trading days up to and including the Closing Date, excluding certain trades considered to not be at market trades.
- ³ For Australian tax purposes, the sale proceeds of the Shares for shareholders other than those taxed as companies will be taken to be the Capital Component of A\$0.28 plus the amount (if any) that the Tax Value exceeds the Buy-Back Price. See Section 2 for further details.

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Key features of the Buy-Back

Target size	A target size of A\$5 billion. BHP Billiton Limited may, at its discretion, vary the size of the Buy-Back. BHP Billiton Limited also retains the discretion to repurchase a lesser amount of Shares than indicated or no Shares at all.
Tender range	Tenders can be lodged at discounts of between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price or as a Final Price Tender. The Market Price is calculated as the VWAP of BHP Billiton Limited shares over the five trading days up to and including the Closing Date. The Market Price will be announced to the market by no later than 6.00pm (Melbourne time) on the Closing Date and will be made available to shareholders on the BHP Billiton website or by calling the Buy-Back enquiry line.
Buy-Back Price	The Buy-Back Price will be calculated by applying the Buy-Back Discount selected by BHP Billiton Limited under the tender process to the Market Price.
Capital component of the Buy-Back Price ¹	A\$0.28
Dividend component of the Buy-Back Price ²	The Buy-Back Price less the Capital Component of A\$0.28
Eligible shareholders	You are eligible to participate in the Buy-Back if Shares are registered in your name on the Buy-Back Record Date (Thursday, 3 March 2011) and you are not an ineligible shareholder.
Ineligible shareholders	Excluded Foreign Persons, including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States or who is a US Person or a resident of Canada, are not eligible to participate in the Buy-Back. In addition, ADRs and Restricted Employee Shares may not be tendered into the Buy-Back (see Section 4.2).
Buy-Back Record Date	Thursday, 3 March 2011
Closing Date	7.00pm (Melbourne time) on Friday, 8 April 2011
Notes:	

¹ For Australian tax purposes, the sale proceeds of the Shares for BHP Billiton Limited shareholders other than those taxed as companies will be taken to be the Capital Component of A\$0.28 plus the amount (if any) that the Tax Value exceeds the Buy-Back Price. See Section 2 for further details.

² For Australian tax purposes only.

What to do?

If you are an eligible shareholder, it is your choice as to whether or not to participate in the Buy-Back. To ensure that you make an informed decision, you should read the Buy-Back Documents and consider the details carefully. If you are in any doubt as to the action you should take, you should consult your financial, taxation or other professional adviser immediately.

If you DO choose to participate

Please refer to Section 1.23 for details on how to participate. You can choose any Tender Discount in the range between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price at which you wish to tender your Shares to be bought back (see Section 1.10).

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You can choose to lodge a Final Price Tender and accept whatever Buy-Back Price is determined through the tender process (see Section 1.12).

You can make your Tender conditional on one of the specified Minimum Prices set out on your Tender Form (see Section 1.21).

If your Tender is successful, the Australian tax consequences will depend on your particular circumstances (see Section 2).

You should not have to pay any brokerage to sell your Shares into the Buy-Back.

If you DO NOT choose to participate

You do not need to take any action.

The number of Shares you hold will not change.

As a shareholder, you will benefit from any improvement in BHP Billiton's earnings per share, cash flow per share and return on equity, and you will continue to be subject to the normal benefits and investment risks associated with share ownership. Section 6 provides instructions on how to fill out a Tender Form in order to participate in the Buy-Back. Some words used in this booklet have defined meanings. Section 5 Definitions and interpretation defines the capitalised words used throughout this booklet.

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1 Details of the Buy-Back and tender process

This section sets out the terms of the Buy-Back and other information to assist you in making a decision whether to participate in the Buy-Back. You should also have regard to other information previously made available to you about BHP Billiton, such as BHP Billiton's Results for the Half Year Ended 31 December 2010 and the announcement regarding BHP Billiton's agreement to acquire all of Chesapeake Energy Corporation's interests in the Fayetteville Shale, USA, which can be reviewed online at www.bhpbilliton.com.

1.1 What is an off-market buy-back tender?

An off-market buy-back tender involves a company inviting eligible shareholders to offer to sell some or all of their shares to the company by way of a tender process. The shares bought back are subsequently cancelled, thereby reducing the total number of shares the company has on issue. Under the Buy-Back, Shares may be tendered by eligible BHP Billiton Limited shareholders at any of the specified discounts in the Tender Discount range of between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price or as a Final Price Tender.

1.2 Why is BHP Billiton implementing the Buy-Back?

As part of its December 2010 Interim Results, BHP Billiton announced an expanded US\$10 billion capital management program. The program will be executed in the form of both on-market buy-backs of BHP Billiton Plc shares and an off-market buy-back of BHP Billiton Limited shares.

The off-market buy-back of BHP Billiton Limited shares has a target size of A\$5 billion. BHP Billiton Limited may, at its discretion, vary the size of the off-market buy-back. BHP Billiton Limited also retains the discretion to repurchase a lesser amount of shares than indicated or no shares at all.

The on-market buy-back of BHP Billiton Plc shares that was reactivated in November 2010 will continue, including largely over the period of the Buy-Back process. Subject to market conditions, it is BHP Billiton's expectation that the US\$10 billion capital management initiative will be largely completed by the end of the 2011 calendar year.

The announcement continues BHP Billiton's strong track record of returning excess capital to shareholders. On completion of the US\$10 billion capital management initiative, BHP Billiton will have repurchased approximately US\$23 billion of BHP Billiton Limited and BHP Billiton Plc shares since 2004, representing 15 per cent of then issued capital.¹

Undertaking both an off-market and on-market buy-back, coupled with an increased interim dividend allows the entire BHP Billiton global shareholder base to participate, both directly and indirectly, in the expanded capital management initiative. An off-market buy-back provides an efficient means of generating economic value for all BHP Billiton shareholders. The target Buy-Back size of A\$5 billion will enable BHP Billiton to continue to pay fully franked dividends under its progressive dividend policy. Further information about the effect of the Buy-Back on BHP Billiton is set out in Section 3.

1.3 What are the advantages of an off-market tender process?

BHP Billiton Limited is conducting the Buy-Back by way of a tender process. The advantages of the tender process include the following:

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Both participating and non-participating BHP Billiton shareholders are expected to benefit from the Buy-Back as:

for some BHP Billiton Limited shareholders, depending on their tax status, the after-tax return from participating in the Buy-Back may be greater than the sale of their Shares on-market;

the Buy-Back is expected to improve earnings per share, cash flow per share and return on equity for shareholders who continue to hold shares in BHP Billiton; and

Note:

- ¹ For illustrative purposes only. In this instance we have assumed a A\$5 billion Buy-Back of BHP Billiton Limited Shares (at a discount of 14 per cent) with the remainder of the program completed through on-market buy-backs of BHP Billiton Plc shares. Based upon volume weighted average price during January 2011 of A\$45.05 per BHP Billiton Limited Share and £24.64 per BHP Billiton Plc share, and issued capital for each as at 30 June 2004. Actual buy-back prices for the US\$10 billion capital management initiative may be different.

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the Buy-Back represents an efficient means of returning capital to shareholders and a significant amount of BHP Billiton's expanded capital management program can be bought back within a relatively short period of time;

The Buy-Back allows BHP Billiton Limited to buy back Shares at a discount of at least 10 per cent to the Market Price. This is likely to enable BHP Billiton Limited to buy back a greater number of Shares than under a BHP Billiton Limited on-market buy-back for the same amount of capital;

Participation is optional and BHP Billiton Limited shareholders have flexibility to tailor their participation to suit their own circumstances. In particular, you can choose:

whether to tender your Shares into the Buy-Back;

how many Shares to tender (subject to minimum tender amounts explained in Section 1.23); and

the basis upon which to tender your Shares (for example, at what Tender Discount(s) or as a Final Price Tender, with the option of making your Tender conditional on a Minimum Price);

All eligible BHP Billiton Limited shareholders have an equal opportunity to participate in the Buy-Back;

BHP Billiton Limited is able to determine the most appropriate number of Shares to buy back;

BHP Billiton Limited shareholders with small holdings are able to sell all of their Shares so as not to be left with a small parcel of Shares after successfully participating in the Buy-Back; and

BHP Billiton Limited shareholders should not have to pay any brokerage to sell their Shares into the Buy-Back.

1.4 Did BHP Billiton consider other ways of returning capital?

The Board has considered various ways to return surplus capital to shareholders, including off-market buy-backs, on-market buy-backs, special dividends and a combination of these options. The Board considers that, at this time, it is in the best interests of BHP Billiton and its shareholders as a whole to pursue an off-market buy-back of BHP Billiton Limited shares as part of BHP Billiton's expanded capital management program. The benefits of the Buy-Back are discussed in Section 1.3 above.

The Board believes that returning surplus capital to shareholders through an off-market share buy-back is an important component of its strategy that aims to maximise economic value across BHP Billiton's entire shareholder base.

The Buy-Back is expected to enhance earnings per share and cash flow per share to a greater extent than a special dividend. In contrast, a special dividend only provides a discrete, one-off cash benefit to shareholders and offers no choice of participation. In addition, a special dividend would need to be paid to all shareholders of BHP Billiton Limited and BHP Billiton Plc, and this mechanism is not considered to be the most

efficient way to return capital to shareholders.

While the precise impact of the Buy-Back cannot be determined, it is expected to have a lasting and positive impact on BHP Billiton's earnings per share, cash flow per share and return on equity. As a result, all BHP Billiton shareholders will benefit. The Buy-Back will enable the purchase of BHP Billiton Limited Shares at a material discount to the prevailing market price of BHP Billiton Limited and can be completed in a shorter period of time than on-market buy-backs of a comparable size.

1.5 Am I entitled to tender Shares into the Buy-Back?

If you are eligible to participate, you are entitled to tender up to 100 per cent of the Shares which are registered in your name on the Buy-Back Record Date (Thursday, 3 March 2011). Shares acquired on the ASX on or after the ex-entitlement date (Friday, 25 February 2011) generally will not be registered in your name by the Buy-Back Record Date and therefore will not carry an entitlement to participate in the Buy-Back.

The maximum number of Shares you are entitled to tender into the Buy-Back is set out in Box A on your personalised Tender Form enclosed with this booklet.

If you hold 125 Shares or less, and you wish to tender Shares in the Buy-Back, you must tender all of your Shares at the same Tender Discount or as a Final Price Tender.

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1. Details of the Buy-Back and tender process continued

If you hold more than 125 Shares, you may tender different parcels of your Shares set out in Box A on your personalised Tender Form at one or more Tender Discounts or as a Final Price Tender. However, you must tender a minimum of 125 Shares in aggregate.

The Buy-Back Invitation is not being made to any Excluded Foreign Person. In particular, the Buy-Back Invitation is not being made to any person in the United States or any US Person or resident of Canada. ADRs and Restricted Employee Shares may not be tendered into the Buy-Back.

1.6 How does the Buy-Back compare to selling my Shares on the stock market?

Depending on your individual circumstances, if you sell your Shares on the ASX, the Australian tax consequences of doing so may be different from selling your Shares into the Buy-Back (see Section 2 for general details in relation to Australian tax implications, but note that BHP Billiton Limited shareholders should consider their own particular tax circumstances).

In addition, to execute a share sale on the ASX, you will need to appoint a broker and may have to pay brokerage whereas you should not need to appoint a broker or pay brokerage to sell your Shares into the Buy-Back.

However, it is likely that you will be able to sell your Shares on the ASX for a price that is higher than the Buy-Back Price. This is because the prices at which eligible BHP Billiton Limited shareholders can tender Shares into the Buy-Back are at discounts of between 10 per cent and 14 per cent inclusive to the Market Price. Therefore, it is likely that the BHP Billiton Limited share price on the ASX will be higher than the Buy-Back Price during and possibly immediately after the Tender Period.

To provide eligible BHP Billiton Limited shareholders with an indication of the possible after-tax proceeds from selling their Shares into the Buy-Back compared to selling their Shares on the ASX, BHP Billiton Limited intends to provide access to a tax calculator through its website (www.bhpbilliton.com) from approximately 7 March 2011 to 18 April 2011.

By making the Buy-Back Invitation and setting the range of Tender Discounts, BHP Billiton Limited is not making any recommendation or giving any advice on the value of your Shares or whether (or how) you should sell your Shares.

Before you decide whether to participate in the Buy-Back, BHP Billiton Limited strongly recommends that you seek your own professional advice.

1.7 Will I receive the 2011 interim dividend if my Shares are bought back?

Yes. All shareholders with an entitled registered holding of shares in BHP Billiton Limited on Friday, 11 March 2011 will be paid the US 46 cents per share fully franked dividend in respect of that holding, whether or not they participate in the Buy-Back.

1.8 Do I have to tender my Shares?

Participation in the Buy-Back is entirely at your discretion. You do not have to tender your Shares if you do not want to. If you do not wish to participate, you do not have to take any action.

1.9 What does the Buy-Back mean for me if I do not participate?

If you choose not to participate, you are an Excluded Foreign Person or your Tender is unsuccessful, the number of Shares you hold will not change as a result of the Buy-Back. After the Buy-Back is completed, you will hold a slightly larger percentage of the total shares in BHP Billiton (as there will be fewer shares on issue).

1.10 What price will BHP Billiton Limited pay to buy back my Shares?

BHP Billiton Limited will pay you the Buy-Back Price for each of your Shares accepted under the Buy-Back even if your Tender Discount is equal to or larger than the Buy-Back Discount.

The Buy-Back Price will be the price that equates to the largest Tender Discount in the range of between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price that will enable BHP Billiton Limited to purchase the amount of capital it determines to buy back.

For each Share purchased from you under the Buy-Back, you will receive a cash amount determined in accordance with the following formula:

$$A = B \times (1 - C)$$

Where:

- A** is the Buy-Back Price (that is the price per Share rounded to the nearest cent, to be paid for all Shares bought back under the Buy-Back);
- B** is the Market Price; and
- C** is the Buy-Back Discount.

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So, for example, if the relevant Market Price is A\$45.00 and the Buy-Back Discount is 14 per cent, the Buy-Back Price would be A\$38.70 (i.e. $A\$45.00 \times (1 - 0.14)$).

The Buy-Back Price will not exceed the Tax Value. The Tax Value is the price used by the ATO to determine for Australian tax purposes the market value of the relevant Shares when the Buy-Back occurs. The Tax Value will be A\$46.55, adjusted for the movement in the BHP Billiton Plc share price from the close of trading on the London Stock Exchange on Monday, 21 February 2011 to the opening of trading on the London Stock Exchange on the Closing Date (expected to be Friday, 8 April 2011). If the movement in the BHP Billiton Plc share price is significantly different from the movement in the BHP Billiton Limited share price over the relevant period, BHP Billiton Limited may approach the ATO to seek to vary the methodology used to determine the Tax Value. The method for determining the Tax Value is explained in more detail in Section 2.3.

1.11 How will I know what the Market Price is?

The Market Price is calculated as the volume weighted average price (VWAP) of BHP Billiton Limited shares over the five trading days up to and including the Closing Date (excluding certain trades – see definitions of VWAP and Market Price in Section 5.1 for further details).

To provide an indication of the Market Price, BHP Billiton Limited will calculate and make available to eligible shareholders the running VWAP during this five-day period. The running VWAP will be made available to eligible shareholders on BHP Billiton's website from approximately 6.00pm (Melbourne time) on Monday, 4 April 2011 (www.bhpbilliton.com) and will be available through the Buy-Back enquiry line from Tuesday, 5 April 2011 and will be updated cumulatively each day. Please note that the Market Price information provided by BHP Billiton on its website and through the Buy-Back enquiry line will only be an estimate given that it is a cumulative daily update from the opening of trading on Monday, 4 April 2011.

The actual Market Price, representing the VWAP for the full five-day period up to and including the Closing Date, will be available from approximately 6.00pm (Melbourne time) on Friday, 8 April 2011, and can be obtained by accessing the BHP Billiton website or by calling the Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand. BHP Billiton Limited also intends to announce the Market Price to the ASX (and other relevant exchanges) as soon as practicable on Friday, 8 April 2011.

1.12 What is a Final Price Tender?

A Final Price Tender is an offer to sell your Shares to BHP Billiton Limited at whatever price is ultimately determined to be the Buy-Back Price under the tender process. The Buy-Back Price could be as low as a 14 per cent discount to the Market Price or as high as a 10 per cent discount to the Market Price. If a large number of Final Price Tenders are submitted, it is more likely that the Buy-Back Price will be at a larger discount to the Market Price subject to the 14 per cent maximum. Final Price Tenders are designed to make it easier for eligible BHP Billiton Limited retail shareholders to participate successfully in the Buy-Back. Final Price Tenders will only be scaled back (see Section 1.17) if the Buy-Back Price is set at a 14 per cent discount to the Market Price and the total number of Shares tendered at that discount and as Final Price Tenders is more than BHP Billiton Limited determines to buy back. Therefore, if you wish to increase the likelihood that your Shares will be bought back, you may consider submitting a Final Price Tender.

Note:

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A\$38.70 is an example only and assumes a 14 per cent discount to an assumed share price of A\$45.00. You should not rely on this price as being the Buy-Back Price.

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1. Details of the Buy-Back and tender process continued

1.13 How will I know what the Buy-Back Price is?

BHP Billiton Limited intends to announce the Buy-Back Price to the ASX (and other relevant exchanges) as soon as practicable after the Tender Period closes. BHP Billiton Limited expects this announcement to be on Monday, 11 April 2011. The announcement will also be posted on BHP Billiton's website (www.bhpbilliton.com).

1.14 Will all the Shares I tender be bought back?

The success of your Tender will depend on your Tender Discount, the size and price of Tenders lodged by other BHP Billiton Limited shareholders and the total number of Tenders that BHP Billiton Limited accepts. There is no guarantee that all or even some of your Tender will be accepted. The final size of the Buy-Back will depend on tenders lodged by BHP Billiton Limited shareholders and market conditions. In particular, BHP Billiton Limited may buy back significantly less than the announced target of A\$5 billion, or no Shares at all.

1.15 How will I know how many of my Shares have been bought back?

No later than Monday, 18 April 2011, BHP Billiton Limited will send all eligible BHP Billiton Limited shareholders who have tendered their Shares into the Buy-Back a statement notifying them of the number of their Shares (if any) that have been bought back and the price paid. Eligible BHP Billiton Limited shareholders can also access this information on or after Monday, 11 April 2011 by calling the Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand. If you are a CHESS Holder, you will receive written confirmation from CHESS of your Tenders that were successful made on your holding or Tenders withdrawn by your controlling participant. Shareholders may also enquire through the Registry website (www.investorcentre.com) on or after Monday, 11 April 2011. To access your account in Investor Centre you will need your Holder Identification Number (HIN) or Securityholder Reference Number (SRN).

1.16 How will BHP Billiton Limited determine successful Tenders and any scale back?

If BHP Billiton Limited proceeds with the Buy-Back and your Tender Discount is equal to or larger than the Buy-Back Discount, or you lodged a Final Price Tender, your Tender will be successful and your Shares will be bought back, subject to any scale back and, if applicable, any Minimum Price condition.

If your Tender Discount is smaller than the Buy-Back Discount, your Tender will be rejected and your Shares will not be bought back.

If you have chosen a Minimum Price and the Buy-Back Price is below that price, your Tender will be rejected and your Shares will not be bought back.

1.17 When may a scale back apply?

A scale back may apply if the total amount of Shares tendered at a Tender Discount, which is equal to or greater than the Buy-Back Discount, and as Final Price Tenders, is more than the total amount of Shares that BHP Billiton Limited determines to buy back. In such circumstances, a scale back would apply as follows:

If the Buy-Back Discount is between 10 per cent and 13 per cent (inclusive)

Where the Buy-Back Discount is between 10 per cent and 13 per cent (inclusive):

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- (a) Tenders at a Tender Discount greater than the Buy-Back Discount will be accepted in full;
- (b) Final Price Tenders will be accepted in full;
- (c) A Priority Allocation (see Section 1.18) will be bought back from each shareholder who tendered Shares at the Buy-Back Price. If the shareholder tendered Shares equal to or less than the Priority Allocation at the Buy-Back Price, then all of those Shares will be bought back;
- (d) Small Holding Tenders (see Section 1.19) will be accepted in full;
- (e) Tenders at the Buy-Back Discount (other than Final Price Tenders, Priority Allocations and Small Holding Tenders) will be scaled back on a pro rata basis; and
- (f) Tenders at a Tender Discount smaller than the Buy-Back Discount will be rejected.

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If the Buy-Back Discount is 14 per cent

Where the Buy-Back Discount is 14 per cent:

- (a) Tenders at a 14 per cent Tender Discount and Final Price Tenders will be accepted, but will be scaled back on a pro rata basis (other than Priority Allocations and Small Holding Tenders);
 - (b) A Priority Allocation will be bought back from each shareholder who tendered Shares at a 14 per cent Tender Discount and/or as a Final Price Tender. If the shareholder tendered Shares equal to or less than the Priority Allocation at a 14 per cent Tender Discount or as a Final Price Tender, then all of those Shares will be bought back;
 - (c) Small Holding Tenders will be accepted in full; and
 - (d) Shares tendered at a Tender Discount smaller than 14 per cent will be rejected.
- When the scale back is calculated, all fractions will be rounded down to the nearest Share.

If you want to reduce the likelihood of any scale back applying to your Tender, you may consider submitting a Final Price Tender (see Section 1.12 for further details). This is because in the event that a scale back applies, Shares tendered as a Final Price Tender will only be scaled back if the Buy-Back Price is based on a 14 per cent Tender Discount.

1.18 What is the Priority Allocation?

In the event of a scale back, BHP Billiton Limited will buy back the first 125 Shares successfully tendered by each shareholder or such lesser number of Shares determined to be the Priority Allocation as is required to ensure that BHP Billiton Limited buys back only the number of Shares it determines to buy back. If you successfully tender less than the Priority Allocation, then all of your tendered Shares would be bought back as your Priority Allocation in the circumstances described above. BHP Billiton Limited is offering the Priority Allocation to ensure that small eligible BHP Billiton Limited shareholders are not disadvantaged by any scale back.

1.19 What is a Small Holding Tender?

A Small Holding Tender is a Tender submitted by a BHP Billiton Limited shareholder who tenders all of their Shares at one or more Tender Discounts equal to or greater than the Buy-Back Discount and/or as a Final Price Tender and who would have a Small Holding (50 Shares or less) created as a result of BHP Billiton Limited's acquisition of a Priority Allocation and any scale back.

However, if you become the registered holder of additional ordinary shares in BHP Billiton Limited after the Buy-Back Record Date and, as a result, you are the registered holder of more BHP Billiton Limited ordinary shares at the Closing Date than you held on the Buy-Back Record Date, then your Tender will not be a Small Holding Tender and the scale back will apply to your Tender as it would to any other Tender.

1.20 How would a scale back affect my Tender?

The details of any scale back will be announced as soon as possible after the Closing Date. BHP Billiton Limited expects to make this announcement on Monday, 11 April 2011. To assist you in understanding how a scale back may affect your Tender, the following two

illustrative examples have been provided.

Examples

As an illustration, it is assumed that five eligible BHP Billiton Limited shareholders with various sized holdings each tender Shares into the Buy-Back. In each of the two different examples:

The Buy-Back Discount (and corresponding Buy-Back Price) and the scale back percentage are varied; but

The total holding, the Shares tendered and the Tender Discounts are the same.

Example 1 14 per cent Buy-Back Discount and 50 per cent scale back (illustrative example only)

In example 1, it is assumed the Market Price is A\$45.00 and the Buy-Back Discount is 14 per cent, resulting in a Buy-Back Price of A\$38.70. It is also assumed in this example that the Priority Allocation is 125 Shares, that there is a 50 per cent scale back and that the BHP Billiton Limited shareholders have not specified a Minimum Price condition. Please be aware that this is an example only. You should not rely on A\$45.00 being the Market Price, nor A\$38.70 being the Buy-Back Price. The outcome of each Tender would be as follows:

Table of Contents**1. Details of the Buy-Back and tender process continued***Example 1: Outcome of Tenders lodged (illustrative example only)*

Shareholder	Total holding of Shares	Shares tendered	Tender Discount	Price represented		Outcome
				by Tender Discount		
A	15,000	5,000	10%	A\$40.50		Not successful, no Shares bought back
		5,000	12%	A\$39.60		Not successful, no Shares bought back
B	150	150		Final Price Tender		Successful, all 150 Shares bought back
C	6,000	6,000		Final Price Tender		Partially successful, 3,062 Shares bought back
D	4,200	200	12%	A\$39.60		Not successful, no Shares bought back
		4,000	14%	A\$38.70		Partially successful, 2,062 Shares bought back
E	1,000	200	12%	A\$39.60		Not successful, no Shares bought back

Shareholder A chose Tender Discounts that are smaller than the Buy-Back Discount so no Shares would be bought back.

Shareholder B tendered all of their 150 Shares as a Final Price Tender. The Tender would be successful and all 150 Shares would be bought back at the Buy-Back Price of A\$38.70. This is a Small Holding Tender as following the Priority Allocation of 125 Shares and scale back, Shareholder B would be left with 13 Shares (50 per cent of the remaining 25 Shares). When the scale back is calculated, all fractions will be rounded down to the nearest Share.

Shareholder C tendered all of their 6,000 Shares as a Final Price Tender. The Final Price Tender would be partially successful as a result of the Priority Allocation and the 50 per cent scale back, Shareholder C would have 3,062 Shares bought back. This is not a Small Holding Tender, as following the Priority Allocation and scale back, Shareholder C would be left with more than 50 Shares (see scale back table below).

Shareholder D tendered 200 Shares at a 12 per cent Tender Discount and 4,000 Shares at a 14 per cent Tender Discount. The Tender submitted at a 12 per cent Tender Discount would not be successful as it is smaller than the 14 per cent Buy-Back Discount. The Tender submitted at a 14 per cent Tender Discount would be successful but only 2,062 of the 4,000 Shares tendered would be bought back, as a result of the Priority Allocation and the 50 per cent scale back (see scale back table below). This is not a Small Holding Tender, as after accounting for the Priority Allocation and scale back, Shareholder D would be left with more than 50 Shares.

Shareholder E tendered 200 Shares at a 12 per cent Tender Discount. The Tender would not be successful as the 12 per cent Tender Discount is smaller than the 14 per cent Buy-Back Discount.

Example 1: Scale back table (illustrative example only)

Shareholder	Shares tendered at a 14% Tender Discount or as Final Price Tenders	Shares subject to scale back ¹	Scale back ²	Tender post scale back and		Small Holding Tenders ⁵	Shares that are bought back ⁶
				Priority Allocation ^{2,3}	Shares remaining ^{4,5}		
A	0			Scale back not applicable			
B	150	25	50%	137	13	YES	150
C	6,000	5,875	50%	3,062	2,938	NO	3,062

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D	4,000	3,875	50%	2,062	1,938	NO	2,062
E	0			Scale back not applicable			

Notes:

- ¹ Under the Priority Allocation, the first 125 Shares are bought back from each shareholder who tenders Shares at the Buy-Back Discount (including Shares tendered as a Final Price Tender under this example), before the scale back applies. For example, Shareholder C has 5,875 Shares that are subject to scale back (6,000 - 125 = 5,875).
- ² A scale back of 50 per cent means 50 per cent of the Shares subject to scale back would be bought back (not including Small Holding Tenders).
- ³ When the scale back is calculated, fractions will be rounded down to the nearest Share.
- ⁴ Shares remaining refers only to Shares remaining from those Shares which were tendered at a 14 per cent Tender Discount or as a Final Price Tender.
- ⁵ Shareholder B and Shareholder C both tendered all of their Shares as a Final Price Tender. As a result of the Priority Allocation and scale back, Shareholder B would be left with a Small Holding Tender (i.e. 50 Shares or less). On the other hand, Shareholder C is left with more than 50 Shares (i.e. 2,938 Shares), so the Tender is not a Small Holding Tender.

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⁶ Shares that are bought back refers only to Shares that are bought back from those Shares which were tendered at a 14 per cent Tender Discount or as a Final Price Tender.

Example 2 12 per cent Buy-Back Discount and 25 per cent scale back (illustrative example only)

In example 2, it is assumed the Market Price is A\$45.00 and the Buy-Back Discount is 12 per cent, resulting in a Buy-Back Price of A\$39.60. It is also assumed in this example that the Priority Allocation is 125 Shares, that there is a 25 per cent scale back and that the eligible BHP Billiton Limited shareholders have not specified a Minimum Price condition. Please be aware that this is an example only. You should not rely on A\$45.00 being the Market Price, nor A\$39.60 being the Buy-Back Price. The outcome of each Tender would be as follows:

Example 2: Outcome of Tenders lodged (illustrative example only)

Shareholder	Total holding of Shares	Shares tendered	Tender Discount	Price represented by Tender Discount	Outcome
A	15,000	5,000	10%	A\$40.50	Not successful, no Shares bought back
		5,000	12%	A\$39.60	Partially successful, 3,781 Shares bought back
B	150	150		Final Price Tender	Successful, all 150 Shares bought back
C	6,000	6,000		Final Price Tender	Successful, all 6,000 Shares bought back
D	4,200	200	12%	A\$39.60	Successful, all 200 Shares bought back
		4,000	14%	A\$38.70	Successful, all 4,000 Shares bought back
E	1,000	200	12%	A\$39.60	Partially successful, 181 Shares bought back

Shareholder A tendered 5,000 Shares at a 10 per cent Tender Discount and 5,000 Shares at a 12 per cent Tender Discount. The Tender submitted at a 10 per cent Tender Discount would not be successful as this Tender Discount is smaller than the Buy-Back Discount. The Tender submitted at a 12 per cent Tender Discount (A\$39.60) would be successful but only 3,781 of the 5,000 Shares tendered would be bought back as a result of the Priority Allocation and the 25 per cent scale back (see scale back table below). This is not a Small Holding Tender as Shareholder A did not tender all of their Shares at greater than or equal to the Buy-Back Discount and, in any event, Shareholder A was not left with 50 Shares or less after the Priority Allocation and scale back.

Shareholder B tendered all of their 150 Shares as a Final Price Tender. All 150 Shares tendered would be bought back at the Buy-Back Price of A\$39.60, as Final Price Tenders are not subject to scale back where the Buy-Back Discount (i.e. 12 per cent) is not the largest Tender Discount of 14 per cent.

Shareholder C tendered all of their 6,000 Shares as a Final Price Tender. All 6,000 Shares would be bought back at the Buy-Back Price of A\$39.60. There will not be any scale back because the Buy-Back Discount is not the largest Tender Discount of 14 per cent.

Shareholder D tendered a total of 4,200 Shares at two different Tender Discounts: 200 Shares at a 12 per cent Tender Discount and 4,000 Shares at a 14 per cent Tender Discount. The Tender submitted at a 14 per cent Tender Discount would be successful as 14 per cent is greater than the Buy-Back Discount and all 4,000 Shares would be bought back at A\$39.60. The Tender submitted at a 12 per cent Tender Discount would be successful and all 200 Shares would be bought back as it is a Small Holding Tender (see scale back table below). This is a Small Holding Tender since after the Priority Allocation and scale back are applied, Shareholder D would be left with 50 Shares or less.

Shareholder E tendered 200 of their Shares at a 12 per cent Tender Discount. The Tender would be partially successful and 181 Shares would be bought back (see scale back table below). This is not a Small Holding Tender since Shareholder E did not tender all of their Shares at greater than or equal to the Buy-Back Discount and/or as a Final Price Tender.

Example 2: Scale back table (illustrative example only)

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Shareholder	Shares tendered at		Shares subject to scale back ¹	Scale back ²	Tender post		Shares remaining ^{4,5}	Small Holding Tenders ⁵	Shares that are bought back ^{6,7}
	12% Tender Discount or as Final Price Tenders	a			scale back and Priority Allocation ^{2,3}	Scale back			
A	5,000		4,875	25%		3,781	1,219	NO	3,781
B	150				Scale back not applicable				
C	6,000				Scale back not applicable				
D	200		75	25%		181	19	YES	200
E	200		75	25%		181	19	NO	181

Table of Contents**1. Details of the Buy-Back and tender process continued**

Notes:

- ¹ Does not include Final Price Tenders because the Buy-Back Discount is not the largest Tender Discount of 14 per cent.
- ² Under the Priority Allocation, the first 125 Shares are bought back from each shareholder who tenders Shares at the Buy-Back Price, before the scale back applies.
- ³ A scale back of 25 per cent means 75 per cent of the Shares subject to scale back would be bought back (not including Small Holding Tenders).
- ⁴ When the scale back is calculated, all fractions are rounded down to the nearest Share.
- ⁵ Shares remaining refers only to Shares remaining from those Shares which were tendered at a 12 per cent Tender Discount.
- ⁶ Shareholder D tendered all of their Shares at or below the Buy-Back Price. As a result of the scale back and Priority Allocation, Shareholder D would be left with less than 50 Shares and so the Tender is a Small Holding Tender. Shareholder E did not tender all of their Shares so their Tender is not a Small Holding Tender.
- ⁷ Shares that are bought back refers only to Shares that are bought back from those Shares which were tendered at a 12 per cent Tender Discount.

1.21 Can I elect a Minimum Price for the purchase of my Shares?

If you choose to tender Shares into the Buy-Back, you will need to nominate a Tender Discount or lodge a Final Price Tender.

If you are concerned that movements in the Market Price after you lodge your Tender may result in your Tender corresponding to a lower Buy-Back Price than you are willing to sell your Shares for, then you have the option of making your Tender conditional on the Buy-Back Price being no less than a specified Minimum Price. Note that this may affect the success of your Tender because if the Buy-Back Price is below your Minimum Price, then your Tender will be rejected and your Shares will not be bought back. If you choose to make your Tender conditional on the Buy-Back Price being no less than one of the specified Minimum Prices, you must do this in addition to nominating a Tender Discount or a Final Price Tender. If you fail to nominate a Tender Discount or a Final Price Tender, and only make your Tender conditional on a specified Minimum Price, your Tender will be invalid and will not be accepted by BHP Billiton Limited.

1.22 How have BHP Billiton Limited shares performed over recent times?

The closing price of BHP Billiton Limited shares on the ASX on Monday, 21 February 2011, being the last trading day before BHP Billiton Limited announced details of the Buy-Back, was A\$45.85.

BHP Billiton Limited's highest and lowest market sale prices during each of the preceding six months were as follows:

Period	Low (A\$) ¹	High (A\$) ¹	Average closing price (A\$) ²
September 2010	37.33	39.94	38.74
October 2010	39.26	42.45	41.08
November 2010	42.01	45.57	43.67

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December 2010	42.82	46.59	45.21
January 2011	43.80	46.10	45.12
February 2011 ³	44.44	47.63	46.47

Source: IRESS

Notes:

¹ Based on trading of BHP Billiton Limited shares during normal ASX trading hours, generally from 10.00am to 4.00pm (Melbourne time).

² Calculated as the average of the closing prices of BHP Billiton Limited shares on the ASX for each trading day over the relevant month.

³ For the period from 1 February 2011 to 21 February 2011.

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A graph indicating the share price performance of BHP Billiton Limited against the ASX 200 over the five year period from 21 February 2006 to 21 February 2011 is set out below.

BHP Billiton Limited share price vs. ASX 200 Index performance 21 February 2006 to 21 February 2011

Source: IRESS

1.23 How do I participate in the Buy-Back? Step 1 Decide how many Shares you wish to sell

To participate in the Buy-Back, you first need to decide how many Shares you wish to sell.

The personalised Tender Form enclosed with this booklet sets out the maximum number of Shares you may tender into the Buy-Back. However, if you hold 125 Shares or less, to participate you must tender all of your Shares and if you hold more than 125 Shares, you must tender a minimum of 125 Shares in aggregate.

You should not, before the Buy-Back Date, sell or offer to sell to others the Shares you have tendered into the Buy-Back unless you first withdraw or amend your Tender (see Section 1.24).

Step 2 Choose your Tender Discount(s) and/or a Final Price Tender

Once you have determined the number of Shares you wish to tender into the Buy-Back, you need to specify the discount(s) to the Market Price at which you are willing to tender these Shares (your Tender Discount(s)).

You may tender your Shares at discounts of between 10 per cent and 14 per cent inclusive (at 1 per cent intervals) to the Market Price as set out on the Tender Form or as a Final Price Tender. If you hold 125 Shares or less, to participate you must tender all of your Shares at the same Tender Discount or as a Final Price Tender (which is an election to receive the

Buy-Back Price, whatever BHP Billiton Limited determines it to be). But if you hold more than 125 Shares, you may tender different parcels of the Shares you wish to sell at different Tender Discounts. For example, you may tender one third of the Shares you wish to sell at a 14 per cent Tender Discount, one third at a 10 per cent Tender Discount and one third as a Final Price Tender. However, you may not tender the same Shares at different Tender Discounts (or at both a specified Tender Discount and as a Final Price Tender). Each parcel of Shares tendered at a different Tender Discount or as a Final Price Tender is a separate Tender (but entered on the one form). The total number of Shares that you tender into the Buy-Back must not exceed the number set out in Box A on your Tender Form.

To provide an indication of the Market Price, BHP Billiton will calculate and make available to eligible shareholders the running VWAP during the five-day period as referred to in Section 1.11. The running VWAP will be published on BHP Billiton's website (www.bhpbilliton.com) from approximately 6.00pm (Melbourne time) on Monday, 4 April 2011 and will be available through the Buy-Back enquiry line from Tuesday, 5 April 2011 and will be updated cumulatively each day. Please note that the Market Price information provided by BHP Billiton on its website and through the Buy-Back enquiry line will only be an estimate given that it is a cumulative daily update from opening of trading on Monday, 4 April 2011.

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1. Details of the Buy-Back and tender process continued

The actual Market Price, representing the VWAP for the full five-day period up to and including the Closing Date, will be available from approximately 6.00pm (Melbourne time) on Friday, 8 April 2011, and can be obtained by accessing the BHP Billiton website or by calling the Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand. BHP Billiton Limited also intends to announce the Market Price to the ASX (and other relevant exchanges) as soon as practicable on Friday, 8 April 2011.

BHP Billiton Limited shareholders may wish to delay submitting their Tender until towards the end of the Tender Period so that they can consider the approximate Market Price before submitting their Tender Form.

Step 3 Optional choose your Minimum Price

In addition to choosing to tender your Shares at the specified Tender Discounts and/or as a Final Price Tender, you may also elect to impose a Minimum Price condition on your Tender (see Section 1.21).

Step 4 Submit your Tender(s)

How you submit your Tender(s) will depend on the type of holding you have. The method for submitting your Tenders will be specified on your Tender Form.

(a) Issuer Sponsored Holdings

Once you have determined the number of Shares you wish to tender into the Buy-Back and your Tender Discount(s) and/or Final Price Tender, and, if you choose, your Minimum Price, you need to complete and sign your personalised Tender Form and return it to the Registry by 7.00pm (Melbourne time) on Friday, 8 April 2011:

If sending by mail

BHP Billiton Limited Buy-Back

C/- Computershare Investor Services Pty Limited

GPO Box 52

Melbourne VIC 8060

AUSTRALIA

If sending by facsimile

BHP Billiton Limited Buy-Back

Fax no: +61 3 9473 2092

You can use the enclosed reply-paid envelope if you are posting your Tender Form from within Australia. If you are sending your Tender Form by facsimile, do NOT send your original Tender Form to the Registry.

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BHP Billiton Limited will not accept your Tender Form unless it is actually received at the specified address before the Tender Period closes. You should allow sufficient time for your Tender Form to be received if you are sending your Tender Form by mail.

(b) CHESS Holdings

Once you have determined the number of Shares you wish to sell, your Tender Discount(s) and/or Final Price Tenders, and, if you choose, your Minimum Price, you need to instruct your controlling participant (normally your broker) in sufficient time for them to process your Tender so that it is received by the Registry by 7.00pm (Melbourne time) on Friday, 8 April 2011. The name of the controlling participant who manages your CHESS Holding as at the Buy-Back Record Date is printed on your Tender Form.

You should NOT send your Tender Form to the Registry.

If you are a CHESS Holder, you will be sent written confirmation from CHESS of the Tenders made on your holding or Tenders withdrawn by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by BHP Billiton Limited of any Tender.

1.24 Can I withdraw or amend my Tender?

Once you have submitted a Tender, it can only be withdrawn or amended by following the procedures set out below.

(a) Issuer Sponsored Holdings

To withdraw or amend a Tender that has been received by the Registry, you will need to submit a Withdrawal/ Amendment Form, a copy of which is included at the back of this booklet. If you wish to withdraw all of your Tenders (*Withdrawal*), or change the terms of all or some of your Tenders, or withdraw some (not all) of your Tenders (*Amendment*), you must follow the following procedure:

tick either the *Withdrawal* or *Amendment* box on the Withdrawal/Amendment Form;

complete your shareholder details;

complete the details of all of your Tenders; and

sign the form and send it to the Registry at the address provided so that it is received by 7.00pm (Melbourne time) on Friday, 8 April 2011. The effect of amending your Tenders by submitting a Withdrawal/Amendment Form will be to withdraw all of your previous Tenders and (where applicable) replace them with the Tenders detailed on that Withdrawal/ Amendment Form.

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(b) CHESSE Holdings

If you have a CHESSE Holding, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal or amendment by 7.00pm (Melbourne time) on Friday, 8 April 2011.

If you have a CHESSE Holding, you should NOT send a Withdrawal/Amendment Form to the Registry.

The effect of your controlling participant withdrawing or amending one or more of your Tenders will be to withdraw those Tenders, and in the case of an amendment to replace the amended Tenders with new Tenders.

If you are a CHESSE Holder, you will be sent written confirmation from CHESSE of the withdrawals/amendments made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by BHP Billiton Limited of your withdrawal or amendment of any Tender.

1.25 How can I obtain additional Tender or Withdrawal/Amendment Forms?

If you require replacement Tender Forms or additional Withdrawal/Amendment Forms, please call the Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand. Withdrawal/Amendment Forms can also be downloaded from BHP Billiton's website (www.bhpbilliton.com).

You should keep in mind that, in order to withdraw or amend your Tender at or near the end of the Tender Period, you will need to have sent your form so that it is received by the Registry (or, for CHESSE Holders, processed by your controlling participant) by 7.00pm (Melbourne time) on Friday, 8 April 2011.

1.26 Can ordinary shares held by BHP Billiton employees be tendered?

Restricted Employee Shares are not eligible to be tendered into the Buy-Back and these shares have not been included on your Tender Form. This includes ESP Loan Shares.

However, any EEP Shares which are registered in your name at the Buy-Back Record Date, and which are not Restricted Employee Shares, may be tendered into the Buy-Back and are included on the Tender Form you received.

Shareplus Shares that have been transferred to you and registered in your name on the Buy-Back Record Date are eligible to participate.

Any form of rights or options to acquire Shares granted under an EEP are not Shares, and therefore are not eligible to be tendered into the Buy-Back. This includes ESP Options, PSP Performance Rights, LTIP Performance Shares, MAP Restricted Shares, GIS Deferred Shares, GIS Options, GSTIP Deferred Shares and GSTIP Options granted under BHP Billiton's EEP. However, EEP Shares you acquire on the exercise or vesting of such options or rights (as applicable), and which are registered in your name on the Buy-Back Record Date, are eligible to be tendered into the Buy-Back.

BHP Billiton employees who are Excluded Foreign Persons (including employees who are located in the United States, are US Persons or are residents of Canada) are not eligible to participate in the Buy-Back.

If you hold EEP Shares and have any questions about tendering your EEP Shares, please call the Buy-Back enquiry line on 1300 612 584 within Australia, 0800 451 521 within New Zealand or +61 3 9415 4868 if you are calling from outside Australia or New Zealand.

1.27 How will I receive payment for Shares bought back?

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If you have an existing direct credit instruction to an Australian bank account for the payment of dividends on your Shares recorded on the BHP Billiton Limited Share Register at 7.00pm (Melbourne time) on Friday, 8 April 2011, all proceeds due to you under the Buy-Back will be credited to your nominated bank account. If your nominated bank account is domiciled in the United States or Canada or you do not have a direct credit authority, you will be sent a cheque in Australian dollars. Where dividends are normally paid in a currency other than Australian dollars, the Buy-Back proceeds will be paid in that other currency by direct credit. However, BHP Billiton Limited will only make payments in New Zealand dollars and pounds sterling. To determine the amounts payable in currencies other than Australian dollars, the Buy-Back proceeds will be converted into the relevant currency at the applicable exchange rate on the Buy-Back Date as determined by BHP Billiton Limited.

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1. Details of the Buy-Back and tender process continued

Alternatively, if you wish to receive payment for Shares bought back in a form that is different from your current direct credit instructions for payment of dividends on your Shares, you may change your current direct credit instructions by providing written instructions to the Registry be