

BHP BILLITON LTD
Form 6-K
October 14, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Date of 13 October 2004

BHP Billiton Limited

ABN 49 004 028 077

180 Lonsdale Street

Melbourne Victoria 3000

Australia

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 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):

BHP Billiton Limited

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 Canada) or to any US person (as defined under Regulation S under the Securities Act of 1933, as amended) 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, as amended, and not to induce, direct or indirect, participation by any person in the United States (or Canada) 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 or Canada, 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.

THIS BUY-BACK IS NOT AVAILABLE TO PERSONS IN, AND THIS DOCUMENT IS NOT TO BE DISTRIBUTED INTO, THE UNITED STATES OF AMERICA OR CANADA

BHP Billiton Limited

ABN 49 004 028 077

OFF-MARKET BUY-BACK BOOKLET

THIS IS AN IMPORTANT DOCUMENT

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR FINANCIAL, TAXATION OR OTHER ADVISER IMMEDIATELY

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IMPORTANT DATES

October 2004

7 October	Last day that Shares can generally be acquired to be eligible for franking entitlement
11 October	Shares quoted ex-entitlement to participate in the Buy-Back on the ASX*
15 October	Buy-Back Record Date: determination of eligible shareholders entitled to participate in the Buy-Back
22 October	BHP Billiton Limited Annual General Meeting
27 October	Mailing of Buy-Back Documents to shareholders completed

November 2004

1 November	Tender Period opens
19 November	Tender Period closes. Tenders must be received by the Registry no later than midnight (Melbourne time)
No later than 23 November	Announcement of the Buy-Back Price and scale back (if any)
25 November	BHP Billiton Plc Annual General Meeting
No later than 30 November	Dispatch/crediting of Buy-Back proceeds to participating shareholders completed

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

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

Eligibility to participate

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 (15 October 2004) and, in accordance with the Settlement Rules, the Shares confer an entitlement to receive this Buy-Back Invitation.

Any person who is in the United States or Canada 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, directly or indirectly, 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 Shares that is a US Person or a resident of Canada) or any person who is in the United States or Canada.

BHP Billiton will not accept Tender Forms:

- (a) from any person who does not represent that they are not (and they are not acting for the account or benefit of a person who is) in the United States or Canada, 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 Shares (ADRs) 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 12 October 2004

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

As part of the announcement of BHP Billiton's full year results on 18 August 2004, BHP Billiton announced its intention to return up to US\$2 billion of capital to shareholders, in addition to its ongoing progressive dividend policy. On 5 October 2004, BHP Billiton announced that eligible shareholders in BHP Billiton Limited would be invited to participate in an off-market buy-back of between A\$1.0 billion and A\$1.5 billion (approximately US\$0.7 billion to US\$1.1 billion) of the Company's ordinary shares.

Following completion of the off-market buy-back, BHP Billiton will consider alternatives for returning the balance of the US\$2 billion to shareholders within the next 12 months through further share buy-backs in either BHP Billiton Plc or BHP Billiton Limited and/or enhanced dividends. The form that the balance of the return of capital will take will depend on an assessment of market conditions at the time.

The Board remains committed to demonstrating strong capital discipline while ensuring that BHP Billiton is able to finance its strong and growing pipeline of organic growth projects. Returning surplus capital to shareholders through an off-market share buy-back provides the optimal strategy for maximising economic value across our entire shareholder base. As a consequence of reducing the number of shares on issue, the value of the remaining shares will be enhanced through increased earnings, cash flow and return on equity attributable to each share.

Eligible shareholders of BHP Billiton Limited may tender any number of their shares at discounts of between 5 per cent and 14 per cent to the Market Price¹, or as a Final Price Tender (which is simply an election to receive the Buy-Back Price). The Buy-Back Price will be determined by BHP Billiton according to the Tenders lodged by eligible shareholders and the Market Price. In addition to specifying a discount to Market Price, shareholders who wish to tender their shares will also have the option to select a Minimum Price as a condition of their tender. The Board believes the combination of a range of fixed Tender Discounts and an optional Minimum Price condition provides shareholders with considerable flexibility and certainty in making their tendering decision.

As with most off-market buy-backs of this type, for Australian tax purposes the Buy-Back Price comprises a capital component and a fully franked dividend component. The Australian Taxation Office has agreed that shareholders who elect to participate in the Buy-Back will receive a cash capital component of A\$2.10 per share², with the remainder of the Buy-Back Price deemed a fully franked dividend. The off-market buy-back will have different tax consequences for different shareholders, depending on their residency for tax purposes, the price at which they originally purchased their shares and their individual tax position. General Australian tax implications of the Buy-Back for shareholders are included in Section 2 of this booklet.

Details of the Buy-Back are explained in this booklet to assist you in determining whether or not you should participate. After reading this booklet, if you have any queries on how the Buy-Back operates or how you can participate, shareholders may contact our dedicated enquiry line on 1300 726 379 toll free within Australia or +613 9415 4208 if you are calling from outside Australia.

If you wish to submit a tender, please ensure that your completed and signed Tender Form is received by the Registry or, if you are CHESS sponsored, your broker processes your tender, no later than midnight (Melbourne time) on Friday, 19 November 2004.

You do not need to take any action if you do not wish to participate in the Buy-Back. However, I encourage you to consider this document carefully and, if you are in any doubt as to the action you should take, please contact your professional adviser.

Yours sincerely

Don Argus
Chairman

- 1 Market Price (as defined in Section 5) is the volume weighted average price of the Shares over the five trading days up to and including the Closing Date.
- 2 For Australian tax purposes, the sale proceeds of the Shares will be taken to be the A\$2.10 capital component increased by any amount that the Tax Value exceeds the Buy-Back Price.

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KEY FEATURES OF THE BUY-BACK

Target size	A\$1.0 to A\$1.5 billion. BHP Billiton Limited may vary the size of the Buy-Back in light of demand
Tender range	Discount percentages from 5 per cent to 14 per cent (in 1 per cent intervals) to the Market Price. Market Price is calculated as the VWAP (see Section 5.1) of BHP Billiton Limited shares over the five trading days up to and including the Closing Date. The Market Price will be made available to shareholders before 6.00pm on the last day of the Tender Period (see Section 1.9)
Capital component of the Buy-Back Price ¹	A\$2.10
Dividend component of the Buy-Back Price ²	The Buy-Back Price less A\$2.10
Eligible shareholders	You are eligible to participate in the Buy-Back if Shares are registered in your name on the Buy-Back Record Date (15 October 2004) and you are not an ineligible shareholder (see below)
Ineligible shareholders	Excluded Foreign Persons, including any person who is (or who is acting for the account or benefit of a person who is) in the United States or Canada or who is a US Person or a resident of Canada, are not eligible to participate in the Buy-Back. In addition, ADRs may not be tendered into the Buy-Back (see Section 4.2)
Buy-Back Record Date	15 October 2004
Closing Date	Midnight on Friday, 19 November 2004

¹ For Australian tax purposes, the sale proceeds of the Shares will be taken to be the A\$2.10 capital component increased by any amount that the Tax Value exceeds the Buy-Back Price.

² For Australian tax purposes only.

What to do?

If you are eligible, 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 through this booklet 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 1.18 for details on how to participate.

You can choose any Tender Discount in the range between 5 per cent and 14 per cent to the Market Price at which you wish to have your Shares bought back.

You can choose to lodge a Final Price Tender and accept whatever Buy-Back Price is determined through the tender process (see Section 1.10).

Whether your Tender is successful will depend on whether your Tender Discount is greater than or equal to the discount represented by the Buy-Back Price.

You can make your Tender conditional on the Buy-Back Price being not less than one of the specified Minimum Prices (see Section 1.16).

If your Tender is successful, the 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, however your proportional shareholding in BHP Billiton will increase marginally.

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.

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 the BHP Billiton Limited Annual Report 2004, which can be reviewed online at www.bhpbilliton.com.

1.1 Why is BHP Billiton implementing the Buy-Back?

As part of the release of its full year results on 18 August 2004, BHP Billiton announced its intention to return up to US\$2 billion of capital to shareholders, in addition to its ongoing progressive dividend policy. The capital management programme will commence with the Buy-Back, in which eligible shareholders have the opportunity to participate in an off-market buy-back of between A\$1.0 billion and A\$1.5 billion (approximately US\$0.7 billion to US\$1.1 billion) worth of ordinary shares in BHP Billiton Limited. BHP Billiton Limited may, however, vary this amount in light of demand. Following completion of the off-market buy-back, BHP Billiton will consider alternatives for returning the balance of the US\$2 billion within the next 12 months through further share buy-backs in either BHP Billiton Plc or BHP Billiton Limited and/or enhanced dividends. The form that the balance of the return of capital will take will depend on an assessment of market conditions at the time. Having regard to all of the options, BHP Billiton believes that, combined with its progressive dividend policy, this provides the optimal strategy for maximising economic value across its entire shareholder base.

1.2 What is a buy-back tender?

A buy-back tender process involves BHP Billiton Limited inviting eligible shareholders to tender any number of their Shares to the Company at any of the specified Tender Discounts from 5 per cent to 14 per cent to the Market Price, or as a Final Price Tender, as specified on the Tender Form.

1.3 What are the advantages of a 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:

participation is optional and shareholders have the flexibility to tailor their participation to suit their own circumstances. In particular you can:

choose whether to tender your Shares in the Buy-Back;

choose how many (if any) Shares to tender; and

choose your Tender Discount(s): under no circumstances will you receive less than the price your Tender Discount equates to for each Share bought back;

all eligible shareholders have an equal opportunity to participate in the Buy-Back; and

shareholders should not have to pay any brokerage to sell their Shares in the Buy-Back. Further details of the tender process are set out in Sections 1.8 to 1.16.

1.4 Am I entitled to tender Shares in 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 (15 October 2004) and which, in accordance with the applicable Settlement Rules, confer an entitlement to participate in the Buy-Back. Shares acquired on the ASX on or after the ex-entitlement date (11 October 2004) 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 in the Buy-Back is set out on the personalised Tender Form enclosed with this booklet.

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 Canada or any US or Canadian shareholders. ADRs may not be tendered into the Buy-Back (refer to Section 4.2).

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

Depending on your individual circumstances, the taxation consequences for you if your Tender is accepted into the Buy-Back may be different than if you sold your Shares on-market (see Section 2 for more details in relation to Australian tax implications but eligible shareholders will need to consider their own particular tax circumstances).

To execute a share sale on the ASX you may need to appoint a broker and pay brokerage. You should not need to appoint a broker or pay brokerage to participate in the Buy-Back.

However, it is likely that you will be able to sell your Shares on the ASX for a price which is higher than the Buy-Back Price. The prices at which eligible shareholders can tender Shares into the Buy-Back are at discounts of between 5 per cent and 14 per cent to the Market Price. Hence it is more than likely that the Company's share price on the ASX will be higher than the Buy-Back Price during and possibly after the Tender Period. It may also vary significantly in the future. By making the Buy-Back Invitation and setting the tender range, 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 what to do with your Shares, the Company strongly recommends that you seek your own professional advice.

1.6 Do I have to tender my Shares?

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

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

If you choose not to participate 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, your shareholding will represent a slightly larger percentage of the total number of shares in BHP Billiton (as there will be fewer shares on issue). You will benefit from any improvement in earnings per share, cash flow per share and return on equity as a result of there being fewer shares on issue and you will continue to be subject to the normal investment risks associated with share ownership.

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

The Buy-Back Price will be the price that equates to the largest Tender Discount in the range of between 5 per cent and 14 per cent to the Market Price that will enable BHP Billiton Limited to purchase the amount of capital it determines to buy back.

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\$14.35, adjusted for the movement in the S&P/ASX 200 Index from the opening of trading on 5 October 2004 to the close of trading on the Closing Date. The method for determining the Tax Value is explained in more detail in Section 2.

You will be paid the Buy-Back Price for each of your Shares that are bought back, even if your Tender Discount represents a lower price than the Buy-Back Price.

1.9 How will I know what the Market Price is?

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

To provide an indication of the Market Price, BHP Billiton Limited will calculate and make available to shareholders the running VWAP during this five-day period. The running VWAP will be published on BHP Billiton's website at www.bhpbilliton.com and will be available through the enquiry lines from 6.00pm on Monday, 15 November 2004 and will be updated cumulatively each day. The actual Market Price, representing the VWAP for the full five-day period, will be available as soon as possible after 4.30pm and in any event no later than 6.00pm on Friday, 19 November 2004, and can be obtained by accessing the website or by calling the enquiry line on 1300 726 379 toll free (within Australia) or +613 9415 4208 (if you are calling from outside Australia).

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1.10 What is a Final Price Tender?

A Final Price Tender is an offer to sell your Shares to BHP Billiton Limited at the Buy-Back Price, whatever it is determined to be 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 5 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.

Final Price Tenders are designed to make it easier for retail shareholders to participate successfully in the Buy-Back. Shareholders submitting Final Price Tenders will only be scaled back 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 this discount and as Final Price Tenders is more than BHP Billiton 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.

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

BHP Billiton intends to announce the Buy-Back Price to the ASX as soon as possible after the Closing Date. BHP Billiton expects this announcement to be no later than Tuesday, 23 November 2004. The announcement will also be posted on BHP Billiton's website, at www.bhpbilliton.com.

1.12 Will all the Shares I tender be bought back?

BHP Billiton Limited intends to buy back between A\$1.0 billion and A\$1.5 billion worth of Shares (approximately 2.2 per cent to 3.2 per cent of the issued capital of BHP Billiton Limited as at 5 October 2004, assuming a A\$12.34¹ Buy-Back Price). However, the Company is prepared to vary the size of the Buy-Back in light of demand. For example, the Company may substantially increase the size of the Buy-Back if there is excess demand at an attractive price.

The success of your Tender will depend on your Tender Discount, the size and price of Tenders lodged by other shareholders and the total number of Tenders the Company accepts. There is no guarantee that all or even some of your Tender will be accepted.

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

No later than 30 November 2004, BHP Billiton Limited will send all 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. Shareholders can also access this information on or after 23 November 2004 by contacting the Registry on 1300 726 379 toll free within Australia or on +613 9415 4208 if you are calling from outside Australia. If you are a CHESS Holder, you will receive written confirmation from CHESS of the successful Tenders made on your holding or Tenders withdrawn by your controlling participant.

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

If your Tender Discount is smaller than the discount to Market Price represented by the Buy-Back Price, your Tender will be rejected and your Shares will not be bought back.

If BHP Billiton Limited proceeds with the Buy-Back and your Tender Discount is equal to or larger than the discount to Market Price represented by the Buy-Back Price, or you have 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 you have chosen a Minimum Price and the Buy-Back Price is below that price, your Tender will be rejected.

When may a scale back apply?

A scale back may apply if the total number of Shares tendered at and below the Buy-Back Price and as Final Price Tenders is more than the total number of Shares BHP Billiton determines to buy back.

1 A\$12.34 is an example only and is a 14 per cent discount to a share price of A\$14.35. You should not rely on this price as being the Buy-Back Price.

See Section 1.8 for an explanation of how the Buy-Back Price will be determined.

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If the Buy-Back Price is set based on a 5 per cent to 13 per cent Tender Discount

If the Buy-Back Price is set based on a Tender Discount of between 5 per cent and 13 per cent inclusive and BHP Billiton determines that a scale back is required for successful Tenders:

- a) Tenders at a Tender Discount smaller than the discount represented by the Buy-Back Price will be rejected;
- b) Tenders conditional on a Minimum Price that is greater than the Buy-Back Price will be rejected;
- c) Tenders at a Tender Discount greater than the discount represented by the Buy-Back Price will be accepted in full;
- d) Final Price Tenders will be accepted in full;
- e) a Priority Allocation (see below) 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;
- f) Excluded Tenders (see below) will be accepted in full; and
- g) Tenders at a Tender Discount equal to the discount represented by the Buy-Back Price (other than Final Price Tenders, Priority Allocations and Excluded Tenders) will be scaled back on a pro-rata basis.

If the Buy-Back Price is set based on a 14 per cent Tender Discount (the lowest price in the tender range)

If the Buy-Back Price is set based on a 14 per cent Tender Discount and BHP Billiton Limited determines that a scale back is required for successful Tenders:

- a) Tenders at a 5 per cent to 13 per cent Tender Discount will be rejected;
- b) Tenders conditional on a Minimum Price that is greater than the Buy-Back Price will be rejected;
- c) 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 and/or as a Final Price Tender then all of those Shares will be bought back;
- d) Excluded Tenders will be accepted in full; and
- e) Tenders at a 14 per cent Tender Discount and Final Price Tenders (other than Priority Allocations and Excluded Tenders) will be scaled back on a pro-rata basis.

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 lodging a Final Price Tender (see Section 1.10 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 set based on a 14 per cent Tender Discount.

What is the Priority Allocation?

Before any scale back applies, BHP Billiton Limited will buy back the first 200 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.

BHP Billiton is offering the Priority Allocation to ensure that small shareholders are not disadvantaged by any scale back that may be required.

If there is a scale back and the Buy-Back Price is based on a 14 per cent Tender Discount:

- a) the Priority Allocation will be bought back from each shareholder who tenders more Shares than the Priority Allocation at the Buy-Back Price and/or as a Final Price Tender, before any scale back applies; and
- b) each shareholder who tenders Shares equal to or less than the Priority Allocation at the Buy-Back Price and/or as a Final Price Tender, will have all the Shares tendered at that price bought back.

If there is a scale back and the Buy-Back Price is based on a Tender Discount of 5 per cent to 13 per cent inclusive:

- a) the Priority Allocation will be bought back from each shareholder who tendered more Shares than the Priority Allocation at the Buy-Back Price; and
- b) each shareholder who tenders Shares equal to or less than the Priority Allocation at the Buy-Back Price will have all the Shares tendered at that price bought back.

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What is an Excluded Tender?

An Excluded Tender is a Tender submitted by a shareholder who tenders all of their Shares at the Buy-Back Price, below the Buy-Back Price and/or as a Final Price Tender and who would have a Small Holding (200 Shares or less) on completion of the Buy-Back as a result of the scale back process. Excluded Tenders will be accepted in full. However, if you become the registered holder of additional ordinary shares in BHP Billiton Limited after the Buy-Back Record Date and you are the registered holder of more Shares at the Closing Date than you held on the Buy-Back Record Date, then your Tender will not be an Excluded Tender and the scale back will apply to your Tender as it would to any other Tender.

1.15 How will the scale back affect my Tender?

The details of any scale back will be announced as soon as possible after the Closing Date. BHP Billiton expects to make this announcement no later than 23 November 2004. The examples set out below illustrate how the scale back may affect your Tender.

Examples

As an illustration, it is assumed that five shareholders with various sized holdings each tender Shares into the Buy-Back. We assume two different scenarios, where the Buy-Back Price and the scale back are varied. Other than these two assumptions, the total holding, the Shares tendered and the Tender Discount are the same for each scenario.

Scenario 1 Buy-Back Price set at a 14 per cent Tender Discount and 50 per cent scale back (illustrative example only)

In scenario 1, it is assumed the Market Price is A\$14.35 and the Buy-Back Price is based on a 14 per cent Tender Discount, resulting in a Buy-Back Price of A\$12.34. It is also assumed in this scenario that the Priority Allocation is 200 Shares, that there is a 50 per cent scale back and that the shareholders have not specified a Minimum Price. Please be aware that this is an example only. You should not rely on A\$14.35 being the Market Price, nor A\$12.34 being the Buy-Back Price. The outcome of each Tender would be as follows:

Shareholder	Total holding of Shares	Shares tendered	Tender Discount	Price	Outcome
				represented by Tender Discount	
A	15000	5000	8%	A\$13.20	Not successful, no Shares bought back
		5000	10%	A\$12.92	Not successful, no Shares bought back
		500	500	Final Price Tender	Successful, all 500 Shares bought back
B	6000	6000		Final Price Tender	Partially successful, 3 100 Shares bought back
C					
D	4500	500	10%	A\$12.92	Not successful, no Shares bought back
		4000	14%	A\$12.34	Partially successful, 2 100 Shares bought back
E	1,000	300	10%	A\$12.92	Not successful, no Shares bought back

Shareholder A chose Tender Discounts that represented prices above the Buy-Back Price so no Shares would be bought back.

Shareholder B tendered 500 Shares as a Final Price Tender. The Tender would be successful and all 500 Shares would be bought back. This is an Excluded Tender as following the Priority Allocation and scale back, Shareholder B would be left with less than 200 Shares.

Shareholder C tendered 6000 Shares as a Final Price Tender. As a result of the 50 per cent scale back, Shareholder C would have 3100 Shares bought back. This is not an Excluded Tender, as following the Priority Allocation and scale back, Shareholder C would be left with more than 200 Shares (see scale back table below).

Shareholder D tendered 500 Shares at a 10 per cent Tender Discount and 4000 Shares at a 14 per cent Tender Discount. The Tender submitted at a 10 per cent Tender Discount would not be successful as this represents a price (A\$12.92) that is above the Buy-Back Price. The Tender submitted at a 14 per cent Tender Discount would be successful but only 2100 of the 4000 Shares tendered would be bought back as a result of the 50 per cent scale back (see scale back table below). This is not an Excluded Tender, as following the Priority Allocation and scale back, Shareholder D would be left with more than 200 Shares.

Shareholder E tendered 300 Shares at a 10 per cent Tender Discount. The Tender would not be successful as the Tender Discount represents a price (A\$12.92) that is above the Buy-Back Price.

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Scenario 1: Scale back table (illustrative example only)

Shareholder	Shares tendered at a 14% Tender Discount and as Final Price Tenders	Shares subject to scale back¹	Scale back²	Tender post scale back and Priority Allocation^{2,3}	Shares remaining^{4,5}	Excluded Tender⁵	Shares that are bought back
A	0			Scale back not applicable			
B	500	300	50%	350	150	Yes	500
C	6000	5800	50%	3100	2900	No	3100
D	4000	3800	50%	2100	1900	No	2100
E	0			Scale back not applicable			

Notes:

- 1 Under the Priority Allocation, the first 200 Shares are bought back from each shareholder who tenders Shares at the Buy-Back Price (including as a Final Price Tender under this scenario), before the scale back applies. For example, Shareholder C has 5800 Shares that are subject to scale back (6000 - 200 = 5800).
- 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 Excluded Tenders).
- 3 When the scale back is calculated, fractions will be rounded down to the next 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 scale back and Priority Allocation, Shareholder B would be left with less than 200 Shares and so the Tender is an Excluded Tender. On the other hand, Shareholder C is left with more than 200 Shares (i.e. 2900 Shares), so the Tender is not an Excluded Tender.

Scenario 2 Buy-Back Price set at a 10 per cent Tender Discount and 25 per cent scale back (illustrative example only)

In scenario 2, it is assumed the Market Price is A\$14.35 and the Buy-Back Price is based on a 10 per cent Tender Discount, resulting in a Buy-Back Price of A\$12.92. It is also assumed in this scenario that the Priority Allocation is 200 Shares, that there is a 25 per cent scale back and that the shareholders have not specified a Minimum Price. Please be aware that this is an example only. You should not rely on A\$14.35 being the Market Price, nor A\$12.92 being the Buy-Back Price. The outcome of each Tender would be as follows:

Total holding	Shares	Tender	Price represented by
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<u>Shareholder</u>	<u>of Shares</u>	<u>tendered</u>	<u>Discount</u>	<u>Tender Discount</u>	<u>Outcome</u>
A	15000	5000	8%	A\$13.20	Not successful, no Shares bought back
		5000	10%	A\$12.92	Partially successful, 3 800 Shares bought back
	500	500		Final Price Tender	Successful, all 500 Shares bought back
B	6000	6000		Final Price Tender	Successful, all 6 000 Shares bought back
C					
D	4500	500	10%	A\$12.92	Successful, all 500 Shares bought back
		4000	14%	A\$12.34	Successful, all 4 000 Shares bought back
E	1000	300	10%	A\$12.92	Partially successful, 275 Shares bought back

Shareholder A tendered 5000 Shares at an 8 per cent Tender Discount and 5000 Shares at a 10 per cent Tender Discount. The Tender submitted at an 8 per cent Tender Discount would not be successful as this Tender Discount represents a price (A\$13.20) that is above the Buy-Back Price. The Tender submitted at a 10 per cent Tender Discount (A\$12.92) would be successful but only 3800 of the 5000 Shares tendered would be bought back, as a result of the 25 per cent scale back (see scale back table below). This is not an Excluded Tender, as Shareholder A did not tender all of their Shares at or below the Buy-Back Price.

Shareholder B tendered 500 Shares as a Final Price Tender. The Tender would be successful and all 500 Shares would be bought back at A\$12.92. There will not be any scale back because the Buy-Back Price is not based on the largest Tender Discount of 14 per cent.

Shareholder C tendered 6000 Shares as a Final Price Tender. The Tender would be successful and all 6000 Shares would be bought back at A\$12.92. There will not be any scale back because the Buy-Back Price is not based on the largest Tender Discount of 14 per cent.

Shareholder D tendered a total of 4500 Shares at two different prices: 500 Shares at a 10 per cent Tender Discount and 4000 Shares at a 14 per cent Tender Discount. The Tender submitted at a 10 per cent Tender Discount would be successful and all 500 Shares would be bought back as it is an Excluded Tender (see scale back table below). This is an Excluded Tender since after the Priority Allocation and scale back is applied, Shareholder D would be left with less than 200 Shares. The Tender submitted at a 14 per cent Tender Discount would also be successful as this represents a price (A\$12.34) that is below the Buy-Back Price and all 4000 Shares would be bought back at A\$12.92.

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Shareholder E tendered 300 Shares at A\$12.92. The Tender would be partially successful and 275 Shares would be bought back. This is not an Excluded Tender since Shareholder E did not tender all of their Shares at or below the Buy-Back Price.

Scenario 2: Scale back table (illustrative example only)

Tender post