

HSBC HOLDINGS PLC  
Form 6-K  
September 05, 2013

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of September  
HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(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): 82-.....).

The following regulated information, disseminated pursuant to DTR6.3.5, comprises the scrip dividend circular for the second interim dividend for 2013 which was sent to shareholders of HSBC Holdings plc on 5 September 2013. A copy of the scrip dividend circular is available at [www.hsbc.com/dividends](http://www.hsbc.com/dividends).

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about this document or as to the action you should take, you should consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser.

If you sold or transferred all or some of your ordinary shares on or before 20 August 2013, but those shares are included in the number shown in box 1 on your Form of Election, Entitlement Advice or Dividend Notification email for the second interim dividend for 2013, you should, without delay, consult the stockbroker or other agent through whom the sale or transfer was effected for advice on the action you should take.

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Dear Shareholder

5 September 2013

## SCRIP DIVIDEND SCHEME AND PAYMENT OF DIVIDENDS IN UNITED STATES DOLLARS, STERLING OR HONG KONG DOLLARS

On 5 August 2013, your Directors declared a second interim dividend for 2013 of US\$0.10 per ordinary share, payable on 9 October 2013. You may elect to receive:

1. a scrip dividend of new shares at a 'Market Value' of US\$10.6401 (£6.8646) per ordinary share;
2. a cash dividend in United States dollars, sterling, or Hong Kong dollars; or
3. a combination of cash and scrip dividend.

For illustration, using the exchange rates on 28 August 2013, the second interim dividend per ordinary share in sterling and Hong Kong dollars would have been approximately £0.0645 and HK\$0.7755. The precise amounts which will be payable per ordinary share in either sterling or Hong Kong dollars on 9 October 2013 will be converted from United States dollars using the exchange rates on 30 September 2013 as explained on page 3.

Please read this letter carefully.

In the absence of other instructions the dividend will be paid to you as described below. If you intend to give alternative instructions on how you wish to receive this dividend they must be received by the Company's Registrars by close of business on 26 September 2013. As an alternative to returning a printed Form of Election to make an election or writing to the Registrars to revoke a standing instruction for new shares, you may give instructions electronically through the Registrars' Investor Centre, at the appropriate website address given on page 12. Instructions must be received by close of business on 26 September 2013. Before using this facility you will need to register with the Registrars' Investor Centre and you should do so without delay so that the formalities can be completed in time for you to give your instructions for this dividend by close of business on 26 September 2013. The use of the Registrars' Investor Centre to give your dividend instructions to the Registrars is referred to throughout this document as giving an Electronic Instruction. If you provide an email address to receive electronic communications from HSBC we will send notifications of your dividend entitlements by email. If you have not given a standing instruction to receive new shares you will, in addition to the email notification (the "Dividend Notification email"), be sent a printed Form of Election until such time as you register with the Registrars' Investor Centre and are able to give your instructions electronically.

HSBC Holdings plc

8 Canada Square, London E14 5HQ, United Kingdom Web: [www.hsbc.com](http://www.hsbc.com)

Registered in England: number 617987. Registered Office: 8 Canada Square, London E14 5HQ Incorporated in England with limited liability

1. Scrip dividend

If you have already given standing instructions to receive new shares under the Scrip Dividend Scheme, you will have been sent an Entitlement Advice. You need take no further action if you wish to receive the number of new shares shown on the Entitlement Advice. If you do not wish to receive the maximum entitlement to new shares, a letter revoking your standing instructions must be received by the appropriate Registrars, at the address given on page 12, or an Electronic Instruction must be given, by close of business on 26 September 2013. If you wish to receive new shares in respect of only part of this dividend, or if you wish to receive your cash dividend in any combination of United States dollars, sterling and Hong Kong dollars, please ask the Registrars for a Form of Election in time to return it to them by close of business on 26 September 2013, or give an Electronic Instruction by that time.

If you have not previously given standing instructions to receive new shares under the Scrip Dividend Scheme and you wish to receive new shares in lieu of the cash dividend, you should either complete and sign a printed Form of Election and return it to the appropriate Registrars at the address given on page 12, or give an Electronic Instruction, by close of business on 26 September 2013. If you take no action, you will receive the dividend in cash in the currency indicated on your Form of Election or Dividend Notification email.

We will calculate your entitlement to new shares using a 'Market Value' of US\$10.6401 (£6.8646) for each new share. An explanation of the calculation of 'Market Value' and the basis of allotment of new shares is set out in paragraphs 2 and 3 of the Appendix to this letter. Since fractions of shares cannot be issued, if you have elected to receive new shares in relation to all or part of your holding of ordinary shares, any residual dividend entitlement will be carried forward in United States dollars and added to the next dividend. Residual dividend entitlements carried forward will not bear interest.

The scrip dividend alternative will enable shareholders to increase their holdings of shares without incurring dealing costs or stamp duty. To the extent that shareholders elect to receive new shares, the Company will benefit by retaining cash which would otherwise be payable by way of dividend. The Appendix to this letter sets out details of the Scrip Dividend Scheme and provides a general outline of the tax considerations in the United Kingdom and overseas.

Please read the next section regarding the payment of dividends in cash, even if you wish to receive your dividend in the form of new shares.

## 2. Cash dividend

If your shares were recorded on the Hong Kong Overseas Branch Register at close of business on 22 August 2013, you will automatically receive any dividends payable to you in cash in Hong Kong dollars, unless you have previously elected to receive payment in United States dollars or sterling.

If your shares were recorded on the Principal Register at close of business on 23 August 2013, you will automatically receive any dividends payable to you in cash in sterling, unless you have previously elected to receive payment in United States dollars or Hong Kong dollars. However, if your address is in the United States you will automatically receive any dividends payable to you in cash in United States dollars, unless you have previously elected to receive payment in Hong Kong dollars or sterling.

If your shares were recorded on the Bermuda Overseas Branch Register at close of business on 23 August 2013, you will automatically receive any dividends payable to you in cash in United States dollars, unless you have previously elected to receive payment in Hong Kong dollars or sterling.

The currency in which any dividends payable to you in cash are to be paid is stated on your Form of Election, Entitlement Advice or Dividend Notification email. If you wish to give standing instructions to receive such dividends in one of the other available currencies (United States dollars, sterling or Hong Kong dollars), you should either complete the One Currency Election on page 2 of a printed Form of Election or Entitlement Advice, or give an

Electronic Instruction. Completion of the One Currency Election on the reverse of a printed Form of Election or Entitlement Advice will not revoke a standing instruction to receive the maximum entitlement to new shares under the Scrip Dividend Scheme.

### 3. Combination of cash and scrip dividend

If you wish to receive this dividend in a combination of the available currencies or in a combination of cash and new shares, you must either complete Section B on page 1 of the Form of Election or give an Electronic Instruction. If you have received an Entitlement Advice and not a Form of Election and you wish to receive your dividend in cash, in any combination of the available currencies, or in a combination of cash and new shares, you should either write to the appropriate Registrars at the address given on page 12 to revoke your standing instructions for scrip dividends and to request a Form of Election in time to return it to them by close of business on 26 September 2013, or give an Electronic Instruction by this time.

Dividends payable in sterling or Hong Kong dollars on 9 October 2013 will be converted from United States dollars at the forward exchange rates quoted by HSBC Bank plc in London at or about 11.00 am on 30 September 2013. The exchange rates will be announced to the London, Hong Kong, New York, Paris and Bermuda stock exchanges.

Dividend warrants and, where applicable, new share certificates are expected to be mailed to shareholders entitled thereto at their risk on or about 9 October 2013.

Whether you elect to receive your dividends in cash or in new shares, it is recommended that you provide payment instructions either through the Registrars' Investor Centre or by completing and returning the Dividend Payment Instruction on page 2 of a printed Form of Election or Entitlement Advice, so that any dividends payable to you in cash can be sent to your bank account(s) as you require. It is not necessary for you to provide payment instructions if you have already given instructions for cash dividends to be sent direct to your bank account and you do not wish to change those instructions.

Yours sincerely

Ben J S Mathews  
Group Company Secretary

## APPENDIX

### SCRIP DIVIDEND SCHEME ('THE SCHEME')

#### 1. Terms

The Scheme, authority for which shareholders renewed at the Annual General Meeting on 25 May 2012 for a further five-year period, will apply in respect of the second interim dividend for 2013.

As stated in the announcement of the second interim dividend for 2013 made on 5 August 2013, any person who had acquired ordinary shares registered on the Hong Kong Overseas Branch Register should have lodged the share transfer with the Hong Kong Overseas Branch Registrar before 4.00 pm on 22 August 2013 in order to receive the dividend. Any person who had acquired ordinary shares registered on the Principal Register in the United Kingdom or on the Bermuda Overseas Branch Register should have lodged the share transfer with the Principal Registrar or the Bermuda Overseas Branch Registrar before 4.00 pm on 23 August 2013 in order to receive the dividend.

Holders of ordinary shares on the Hong Kong Overseas Branch Register as at the close of business in Hong Kong on 22 August 2013 or on the Principal Register as at the close of business in England on 23 August 2013 or on the

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Bermuda Overseas Branch Register as at the close of business in Bermuda on 23 August 2013 (other than those shareholders referred to in paragraph 6) will be able to elect to receive new shares in respect of all or part of their holdings of shares as an alternative to receiving the second interim dividend for 2013 of US\$0.10 per ordinary share in cash.

The new ordinary shares will be issued subject to the Articles of Association of the Company and will rank equally with the existing issued ordinary shares in all respects.

### 2. Market Value

The 'Market Value' is the average of the middle market quotations for the ordinary shares on the London Stock Exchange, as derived from the Daily Official List, for the five business days beginning on 21 August 2013. The Market

Value of £6.8646 converted into United States dollars using the exchange rate quoted by HSBC Bank plc in London at 11.00 am on 28 August 2013 is US\$10.6401 for each new share.

### 3. Basis of allotment and examples

Your entitlement to new shares is based on:

- (a) the Market Value (as defined in paragraph 2 above) of US\$10.6401 per share;
- (b) the cash dividend of US\$0.10 per share; and
- (c) the number of ordinary shares held by you on the record date being 22 August 2013 on the Hong Kong Overseas Branch Register and 23 August 2013 on the Principal Register or the Bermuda Overseas Branch Register.

The formula used for calculating your entitlement is as follows:

Number of shares held at the record date x cash dividend per share + any residual dividend entitlement brought forward = maximum dividend available for share election

Maximum dividend available = maximum number of new shares  
Market Value (rounded down to the nearest whole number)

You may elect to receive new shares in respect of all or part of your holding of ordinary shares. No fraction of a share will be issued.

If you elect to receive the maximum number of new shares in lieu of your dividend, a residual dividend entitlement may arise, representing the difference between the total Market Value of the new shares and the maximum dividend available on your shareholding. This residual dividend entitlement will be carried forward in United States dollars (without interest) to the next dividend (see Example 1).

#### Example 1

If you have 1,000 ordinary shares and a residual dividend entitlement brought forward of US\$4.00, your maximum entitlement will be calculated as follows:

Y o u r c a s h d i v i d e n d ( 1 , 0 0 0 x	
US\$0.10)	
US\$ 100.00	
P l u s r e s i d u a l d i v i d e n d e n t i t l e m e n t b r o u g h t	
forward	
US\$ 4.00	
Maximum dividend available	US\$ 104.00
Number of new shares = US\$104.00 ÷ US\$10.6401	= 9 new shares

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Total Market Value of 9 new shares = 9 x US\$10.6401	US\$ 95.76	
Plus residual dividend entitlement to be carried forward (US\$104.00 - US\$95.76)		US\$
8.24		
		US\$
104.00		

If you elect to receive only part of your dividend as new shares, you will receive the balance in cash. Any residual dividend entitlement relating to that portion of your holding in respect of which you have elected to receive new shares will be carried forward in United States dollars (without interest) to the next dividend (see Example 2).

Example 2

If you have 1,000 ordinary shares and a residual dividend entitlement brought forward of US\$4.00 your maximum entitlement will be 9 new shares, as shown in Example 1. Should you wish to elect for new shares on only 600 of your existing 1,000 ordinary shares, you should insert the number 600 in the box in Section B (i) of a printed Form of Election or, if giving an Electronic Instruction, in the relevant box in the Registrars' Investor Centre. The election for new shares, the cash balance due to you, and the residual entitlement to be carried forward to your next dividend, would be calculated as follows:

Your cash dividend (1,000 x US\$0.10)	
US\$ 100.00	
Plus residual dividend entitlement brought forward	
US\$ 4.00	
Maximum dividend available	US\$
104.00	

600 existing shares on which you wish to receive new shares (600 x US\$0.10)	US\$60.00
Plus residual dividend entitlement brought forward	US\$ 4.00
Total available to elect for new shares	US\$64.00

Number of new shares = US\$ 64.00 ÷  
 6.0150  
 = 6 new shares

US\$10.6401

Total Market Value of 6 new shares = 6 x US\$10.6401	
US\$ 63.84	
Plus residual entitlement to be carried forward (US\$64.00 - US\$63.84)	
US\$ 0.16	
Plus balance of maximum dividend available to be paid in cash	
( US \$ 1 0 4 . 0 0 - US\$64.00)	
US\$ 40.00	
Maximum dividend available	US\$ 104.00

In addition to the 6 new shares, you will receive a cash balance of US\$40.00 and US\$0.16 will be carried forward in United States dollars (without interest) to your next dividend. The cash balance will be paid to you in the currency indicated in the Dividend Notification email or in box 4 on the Form of Election, unless you give instructions to the contrary by indicating the currency/currencies you wish to receive in the boxes in sections B (ii) to B (iv) of a printed Form of Election or, if giving an Electronic Instruction, in the relevant boxes in the Registrars' Investor Centre. An example of how Section B of a printed Form of Election might be completed is given on page 6.

**Section B** Complete this section with the relevant numbers of shares if you wish to receive your dividend in cash in a combination of the available currencies or in a combination of cash and new shares  
I/We wish to receive my/our dividend in shares and/or in cash, based on the number of ordinary shares shown in box 1 above, as follows:

in shares (i) Number of shares on which I wish to receive new shares	GBP	600	shares
in cash (ii) Number of shares on which I wish to receive cash in sterling		134	shares
(iii) Number of shares on which I wish to receive cash in US dollars	USD	133	shares
(iv) Number of shares on which I wish to receive cash in Hong Kong dollars		133	shares
Total number of existing shares (the sum of (i) to (iv))	HKD	1000	shares

If you wish to receive a specific number of new shares, you may calculate the number of existing shares on which you need to elect as follows:

$$\begin{array}{l} \text{Number of new shares you wish to receive} \times \text{Market Value} \\ \text{Cash dividend of US\$0.10 per share} \end{array} = \begin{array}{l} \text{Number of shares on which to elect to receive new shares} \\ \text{(rounded up to the nearest whole number)} \end{array}$$

#### 4. Payment of residual dividend entitlements

Residual dividend entitlements will be payable in cash (without interest) if, at any time, you:

- dispose of your entire holding; or
- receive the full cash dividend on the whole of your holding; or
- revoke your standing instructions to receive scrip dividends; or
- so request in writing to the appropriate Registrars.

#### 5. How to participate in the Scheme

(a) If you have already given standing instructions to receive new shares under the Scheme, you will have been sent an Entitlement Advice. You need take no further action unless you wish to revoke your standing instructions or to elect to receive a smaller number of new shares. If you do not revoke your standing instructions by 26 September 2013, you will receive the number of new shares shown in box 4 on the Entitlement Advice.

If you do not wish to receive new shares, a letter revoking the standing instructions to receive scrip dividends must be received by the Registrars at the appropriate address given on the Entitlement Advice, or an Electronic Instruction must be received, by close of business on 26 September 2013. A cash dividend will then be paid on your entire holding in the currency shown in box 6 on the Entitlement Advice. If, however, you wish to receive new shares in respect of only part of this dividend, or if you wish to receive any dividend payable to you in cash in a currency/currencies other than that shown in box 6 on the Entitlement Advice, please also ask the Registrars

for a Form of Election in time to return it to them, or give an Electronic Instruction, by close of business on 26 September 2013. In any event, if you revoke your standing instructions you will receive, for any future dividends to which the Scheme applies, a printed Form of Election and/or Dividend Notification email and, if you register with the Registrars' Investor Centre, you will be able to give an Electronic Instruction.

(b) If you have not previously given standing instructions to receive new shares under the Scheme and you wish to receive new shares in lieu of a cash dividend on this occasion only, an election to participate in the Scheme must be made on a printed Form of Election or by giving an Electronic Instruction through the Registrars' Investor Centre, each of which should be completed after reading this letter. If you wish to elect to receive the maximum entitlement to new shares for this dividend, you may do so by inserting an 'X' in the box in Section A (i) of a printed Form of Election or by electing for new shares when giving an Electronic Instruction. If you wish to elect to receive a smaller number of shares than the maximum entitlement, you should complete Section B of the printed Form or make the appropriate election when giving an Electronic Instruction. To be valid in respect of the dividend payable on 9 October 2013, a printed Form of Election must be completed correctly, signed and received by the Registrars at the address given on page 2 of the Form, or an Electronic Instruction must be received, by close of business on 26 September 2013.

(c) If you have not previously given standing instructions to receive new shares under the Scheme and you wish to receive the maximum entitlement to new shares automatically for this and for subsequent dividends to which the Scheme applies, you may do so by inserting an 'X' in the box in Section A (ii) of a printed Form of Election or by making the appropriate election when giving an Electronic Instruction. To be valid in respect of the dividend payable on 9 October 2013 a Form of Election must be completed correctly, signed and received by the Registrars at the address given on page 2 of the Form, or an Electronic Instruction must be received, by close of business on 26 September 2013.

Completing Section A (ii) of the printed Form or making the appropriate election when giving an Electronic Instruction will ensure that you receive your maximum entitlement to new shares offered in lieu of the second interim dividend for 2013 payable on 9 October 2013 and for subsequent dividends. Your standing instructions may be revoked by giving signed notice in writing to the appropriate Registrars or by giving an Electronic Instruction on or before the final date for receipt of printed Forms of Election or Electronic Instructions in respect of that dividend. Your standing instructions will lapse automatically if at any time you cease to hold any ordinary shares.

**ON THE ASSUMPTION THAT NO RESIDUAL DIVIDEND ENTITLEMENT IS BROUGHT FORWARD, SHAREHOLDERS WITH A HOLDING AS AT THE RECORD DATE OF FEWER THAN 107 ORDINARY SHARES WHO HAVE GIVEN STANDING INSTRUCTIONS TO RECEIVE SCRIP DIVIDENDS, AND SHAREHOLDERS WHO GIVE AN ELECTION TO RECEIVE SCRIP DIVIDENDS ON FEWER THAN 107 ORDINARY SHARES, WILL NOT RECEIVE ANY NEW SHARES ON THIS OCCASION AND WILL HAVE THEIR DIVIDEND ENTITLEMENT RELATING TO THOSE SHARES CARRIED FORWARD IN UNITED STATES DOLLARS (WITHOUT INTEREST) AS DESCRIBED ON PAGE 2.**

#### 6. Overseas shareholders

No person receiving a copy of this document, a Form of Election or a Dividend Notification email in any jurisdiction outside the United Kingdom ('UK') or Hong Kong may treat the same as offering a right to elect to receive new

shares unless such offer could lawfully be made to such person without the Company being required to comply with any governmental or regulatory procedures or any similar formalities. It is the responsibility of any person outside the UK and Hong Kong who wishes to receive new shares under the Scheme to comply with the laws of the relevant jurisdiction(s), including the obtaining of any governmental or other consents and compliance with all other formalities. It is also the responsibility of any person who receives new shares in lieu of a cash dividend to comply with any restrictions on the resale of the shares which may apply outside the UK and Hong Kong. For



example, shareholders in Ontario who have new shares allotted to them under the Scheme must ensure that the first trade of their new shares is executed on a stock exchange outside Canada.

#### 7. Issue of share certificates and listing of new shares

Application will be made to the UK Listing Authority and to the London Stock Exchange for the new shares to be admitted to the Official List and to trading respectively, to the Stock Exchange of Hong Kong for listing of, and permission to deal in, the new shares, and to the New York, Paris and Bermuda stock exchanges for listing of the new shares.

Existing ordinary shares on the Principal Register may be held either in certificated form, or in uncertificated form through CREST. Where a shareholder has holdings of ordinary shares in both certificated and uncertificated form, each holding will be treated separately for the purpose of calculating entitlements to new shares.

Definitive share certificates for the new shares issued under the Scheme in respect of holdings in certificated form are expected to be mailed to shareholders entitled thereto at their risk on or about 9 October 2013, at the same time as warrants in respect of the cash dividend are mailed. New shares issued under the Scheme in respect of holdings of shares which are in uncertificated form will also be issued in uncertificated form. The Company will arrange for the relevant shareholders' stock accounts in CREST to be credited with the appropriate numbers of new shares on 9 October 2013.

Dealings in the new shares in London, Hong Kong, Paris and Bermuda, and in the American Depositary Shares in New York are expected to begin on 9 October 2013.

#### 8. If you have sold or transferred your shares

If you sold or transferred all or some of your ordinary shares on or before 20 August 2013 (the date on which the shares eligible for the second interim dividend for 2013 were last quoted cum-dividend on the London, Hong Kong, Paris and Bermuda stock exchanges), but those shares are nevertheless included in the number shown in box 1 on your Form of Election, Entitlement Advice or Dividend Notification email, you should, without delay, consult the stockbroker or other agent through whom the sale or transfer was effected for advice on the action you should take.

#### 9. General

If all shareholders were to elect to take up their entitlements to new shares under the Scheme in respect of the second interim dividend for 2013, approximately 175,334,563 new shares would be issued, representing an increase of 0.94 per cent in the issued ordinary share capital of the Company as at 28 August 2013.

The total cost of the second interim dividend for 2013, ignoring any elections for the scrip alternative, is approximately US\$1,866 million. The applicable tax credit is the sterling equivalent of approximately US\$207 million.

Whether or not it is to your advantage to elect to receive new shares in lieu of a cash dividend or to elect to receive payment in United States dollars, sterling or Hong Kong dollars is a matter for individual decision by each shareholder. HSBC cannot accept any responsibility for your decision. The effect on the tax position of any shareholder will depend on that shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers.

No acknowledgement of receipt of a printed Form of Election will be issued.

#### 10. Tax return

To assist shareholders who receive a scrip dividend, we will send a Notional Tax Voucher which may be needed for tax returns. This will contain the following particulars:

- number of ordinary shares held by you at close of business on the record date being 22 August 2013 on the Hong Kong Overseas Branch Register and 23 August 2013 on the Principal Register or the Bermuda Overseas Branch

Register;

- number of new shares allotted;
- total dividend payable;
- residual dividend entitlement (if any) brought forward from previous dividend;
- residual dividend entitlement (if any) carried forward to the next dividend;
- cash equivalent of the new shares allotted; and
- amount of UK income tax treated as paid on the new shares.

## 11. Taxation

The precise tax consequences for a shareholder receiving a cash dividend or electing to receive new shares in lieu of a cash dividend will depend upon the shareholder's own individual circumstances. The following is a general outline of the tax consequences in the UK and overseas, based on current law and practice. This outline assumes that a holder of American Depositary Shares ("ADSs") is the beneficial owner of the underlying ordinary shares for UK direct tax purposes. Based on published guidance by Her Majesty's Revenue and Customs it is expected that holders of ADSs should be treated as such by Her Majesty's Revenue and Customs. However, the guidance

is not considered in any detail in this outline and holders of ADSs should consult their own professional advisors.

No tax is currently withheld from dividends paid by the Company. Such dividends carry a tax credit equal to one-ninth of the dividend.

### (i) Cash dividends

#### UK resident individuals

Individual shareholders, who are resident in the UK for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit. For example, on a cash dividend of US\$90 an individual would be treated as having received dividend income equal to the sterling equivalent of both the US\$90 dividend received and the associated tax credit of US\$10 and as having paid income tax equal to the sterling equivalent of US\$10 (the associated tax credit).

Individual shareholders who are liable to income tax at the basic rate only will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit.

Individual shareholders who are not liable to income tax are not able to recover the tax credit. Individual shareholders subject to income tax at the higher rate of 40 per cent or the additional rate of 45 per cent will be liable to tax

at the dividend upper rate of 32.5 per cent or the dividend additional rate of 37.5 per cent respectively on the aggregate of the dividend and the associated tax credit. For example, if a higher rate or additional rate tax payer were to receive a dividend of US\$90, he/she would for income tax purposes be treated as receiving dividend income equal to the sterling equivalent of both the US\$90 dividend received and the associated tax credit of US\$10. The related

tax liability would be the sterling equivalent of US\$32.50 (for a higher rate tax payer) or US\$37.50 (for an additional rate tax payer). However, the associated tax credit equal to the sterling equivalent of US\$10 would be set against

the tax liability, leaving the individual with net tax to pay of the sterling equivalent of US\$22.50 or US\$27.50 respectively.

#### UK resident trustees

Trustees of discretionary trusts, which are usually liable to pay income tax at the rate of 45 per cent, may be required to account for additional tax on UK dividend income at 37.5 per cent of the aggregate amount of dividend received

and the associated tax credit, against which the effective 10 per cent tax credit may be offset.

#### UK resident companies

Corporate shareholders (other than certain insurance companies and companies which hold shares on trading account) are not liable to corporation tax or income tax in respect of dividends received from the Company.

#### UK resident gross funds/charities

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

#### US resident shareholders

The summary information on US federal income tax does not purport to be a comprehensive description of all the tax considerations that may be relevant to a holder of shares and must not be used for the purpose of avoiding US federal tax penalties. Shareholders who are subject to US federal income taxation on a net income basis must include cash dividends in income on the date that such holder or the depository holder of the ADSs receives them.

Subject to certain exceptions for positions that are held for less than 61 days or are hedged, and subject to a foreign corporation being considered a 'qualified foreign corporation' (which includes not being classified for US federal income tax purposes as a passive foreign investment company), certain dividends ('qualified dividends') received by an individual US shareholder generally will be subject to US taxation at a maximum rate of up to 20 per cent. Based on the Company's audited financial statements and relevant market and shareholder data, HSBC does not anticipate being classified as a passive foreign investment company. Accordingly, dividends paid on the shares or ADSs generally should be treated as qualified dividends.

Distributions made on shares or ADSs and proceeds from the sale of shares or ADSs that are paid within the US, or through certain financial intermediaries to US shareholders, are subject to information reporting and may be subject to a US 'backup' withholding tax unless, in general, the US shareholder complies with certain certification procedures or is a corporation or other person exempt from such withholding tax.

Generally, US residents will not be subject to any UK taxation in respect of UK dividend income nor will they be able to recover the associated tax credit.

#### Other non-UK residents

Generally, non-UK residents will not be subject to any UK taxation in respect of UK dividend income nor will they be able to recover the associated tax credit.

Non-UK resident shareholders may be subject to tax on UK dividend income under any law to which that person is subject outside the UK. Non-UK resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

There are special rules which apply to non-UK resident discretionary trusts in receipt of UK dividends. (ii) Scrip dividends

#### UK resident individuals

The tax consequences of electing to receive new shares in lieu of a dividend are similar to those of receiving cash dividends.

Individual shareholders who elect to receive new shares in lieu of a cash dividend will be treated as having received income of an amount which, when reduced by income tax at 10 per cent, is equal to the 'cash equivalent' which would have been received had they not elected to receive new shares. For example if a shareholder elected to receive new shares in lieu of a US\$90 cash dividend, they would for UK tax purposes be treated as receiving income of US\$100 and as having paid tax equivalent to US\$10.

Individual shareholders who are liable to income tax at the basic rate only will have no further tax to pay. Individual shareholders liable to tax at the higher rate of 40 per cent or the additional rate of 45 per cent will be liable to pay additional tax at the rate of 22.5 per cent or 27.5 per cent respectively of the aggregate of the cash equivalent and associated tax credit (which equates to the sterling equivalent of US\$22.50 or US\$27.50 respectively in the example above).

For income tax purposes, Her Majesty's Revenue and Customs will substitute the market value of the shares on the first day they are dealt in on the London Stock Exchange for the 'cash equivalent' if the difference between the cash

dividend and the market value equals or exceeds 15 per cent of the market value.

For capital gains tax purposes the new shares will be treated as a separate holding. The base cost of these shares will equal the 'cash equivalent'. If the difference between the cash dividend and the market value equals or exceeds 15 per cent of the market value on the first day that the shares are dealt in on the London Stock Exchange, then the base cost will be the market value.

UK resident trustees

Trustees of discretionary trusts, which are liable to account for income tax on the income of the trust will be treated as having received gross income equal to the 'cash equivalent' as described BHP Billiton Ltd is not required to, and does not plan to, prepare and file with the SEC a registration statement in respect of the Rio Tinto Ltd Offer. Accordingly, Rio Tinto Ltd shareholders

should carefully consider the following:

The Rio Tinto Ltd Offer will be an exchange offer made for the securities of a foreign company. Such offer is subject to disclosure requirements of a foreign country that are different from

those

of

the

United

States.

Financial

statements

included

in

the

document

will

be

prepared

in

accordance

with

foreign

accounting

standards

that

may

not

be

comparable

to

the

financial

statements of United States companies.

Information

Relating

to

the

US

Offer

for

Rio

Tinto  
plc  
and  
the  
Rio  
Tinto  
Ltd  
Offer  
for  
Rio  
Tinto  
shareholders  
located  
in  
the  
US  
It  
may  
be  
difficult  
for  
you  
to  
enforce  
your  
rights  
and  
any  
claim  
you  
may  
have  
arising  
under  
the  
U.S.  
federal  
securities  
laws,  
since  
the  
issuers  
are  
located  
in  
a  
foreign  
country,  
and  
some  
or

all  
of their officers and directors may be residents of foreign countries. You may not be able to sue a foreign company or  
its officers or directors in a foreign court for violations of the U.S.

securities

laws.

It

may

be

difficult

to

compel

a

foreign

company

and

its

affiliates

to

subject

themselves

to

a

U.S.

court's

judgement.

You

should

be

aware

that

BHP

Billiton

may

purchase

securities

of

either

Rio

Tinto

plc

or

Rio

Tinto

Ltd

otherwise

than

under

the

exchange

offer,

such

as  
in  
open  
market  
or  
privately  
negotiated purchases.

References

in  
this  
presentation  
to

\$

are

to

United

States

dollars

unless

otherwise

specified.

Slide 4  
Today s discussion

Introduction

BHP Billiton  
yesterday, today and tomorrow



Summary of the offer for Rio Tinto

Slide 5  
Introduction

Joined the board November 1996,Chairman April 1999.

Chairman of BHP Billiton Limited and BHP Billiton Plc since  
formation

Market capitalisation grown from ~US31bn in 2001 to ~US167bn in 2008

Four CEO s  
in that period

Paul Anderson

Brian Gilbertson

Chip Goodyear

Marius Kloppers

Board sound and strong with right skills and experience

Positioned for the next stage of growth and sophistication

Slide 6  
Today's discussion

Introduction

BHP Billiton  
yesterday, today and tomorrow

Summary of the offer for Rio Tinto

Slide 7

BHP Billiton's track record in production growth and value growth speaks for itself

Notes:

a)

Source: Rio Tinto production numbers sourced from 2006 Annual and 2007 Half-Year Reports. Note: Production shown for the equivalent

units  
using  
BHP  
Billiton  
FY2007  
average  
realised  
prices  
and  
BHP  
Billiton  
estimates.  
Excludes  
production  
from  
sold/ceased  
operations.  
Production  
growth  
does  
not  
include  
production  
for  
the  
six  
month  
period  
ending  
31-Dec-2007.

b)  
Source:  
Datastream  
and  
financial  
reports  
and  
company  
filings  
of  
BHP  
Billiton  
and  
Rio  
Tinto.  
Market  
capitalisation  
based  
on  
shares

outstanding  
and  
share  
price  
as  
at  
the  
the  
dates  
shown.

In  
addition,  
over  
the  
period  
from  
29-Jun-2001  
to  
31-Oct-2007,

BHP  
Billiton  
undertook  
share  
buybacks  
of  
US\$11.4bn  
and  
Rio  
Tinto

undertook  
share  
buybacks  
of  
US\$4.8bn  
and  
paid  
a

special  
dividend  
of  
US\$1.5bn  
in  
2006.

Production growth

(a)  
(Index: FY2001 production = 100)

100  
110  
120  
130  
140



150  
160  
170  
FY01  
FY02  
FY03  
FY04  
FY05  
FY06  
FY07  
BHP Billiton  
8% CAGR  
Rio Tinto  
4% CAGR  
Market capitalisation  
(b)  
(US\$bn)  
0  
30  
60  
90  
120  
150  
180  
210  
240  
BHP Billiton  
CAGR: 37%  
Rio Tinto  
CAGR: 29%  
US\$230bn  
US\$31bn  
US\$122bn  
US\$24bn

Slide 8

A record of growth driven from a unique diversified portfolio, balanced across high margin commodities

Underlying EBITDA

(12 months, US\$bn)

Underlying EBITDA Margin

(a)

(CY2007, 12 months)

Note: Historical financial information has been restated for comparative purposes per note 1 of BHP Billiton's half-year financial

a)

EBITDA margin excludes third party sales.

0

6,000

12,000

18,000

24,000

FY2002

CY2007

4,677

23,623

Iron Ore

Manganese

Metallurgical Coal

Petroleum

Energy Coal

Aluminium

Base Metals

Stainless Steel

Materials

Diamond & Specialty Products

Non

Ferrous

(56%)

Energy

(21%)

Carbon

Steel

Materials

(22%)

52%

40%

36%

70%

52%

43%

75%

23%

34%

Iron Ore

Manganese

Metallurgical Coal

Base Metals

Stainless Steel

Materials

Aluminium

Petroleum

Energy Coal

Diamond &  
Specialty Products

Slide 9

which generates strong cash flow -  
delivering value  
growth through reinvestment and return to shareholders  
0  
2,000

4,000  
6,000  
8,000  
10,000  
12,000  
14,000  
16,000  
18,000  
FY2002  
FY2003  
FY2004  
FY2005  
FY2006  
FY2007  
FY2008  
H1  
H2  
0  
1500  
3000  
4500  
6000  
7500  
9000  
FY2002  
FY2003  
FY2004  
FY2005  
FY2006  
FY2007  
FY2008  
Available Cash Flow  
(US\$m)  
Organic Growth  
(a)  
(US\$m)  
Return to Shareholders  
(b)  
(US\$m)  
Note: FY2005,  
FY2006,  
FY2007  
and  
H1  
FY2008  
have  
been  
calculated  
on  
the

basis  
of  
the  
IFRS.  
Prior  
periods  
have  
been  
calculated  
on  
the  
basis  
of  
UKGAAP.

(a)  
Capital and Exploration FY expenditures (exclude acquisitions).

(b)  
Dividends paid and share buy-backs.

0  
1500  
3000  
4500  
6000  
7500  
9000  
FY2002  
FY2003  
FY2004  
FY2005  
FY2006  
FY2007  
FY2008

Slide 10  
Boffa/Santou  
Refinery  
BHP Billiton's future is assured  
2010  
As at 29 February 2008  
Proposed



capital expenditure  
<\$500m  
\$501m-\$2bn  
\$2bn+  
SSM  
Petroleum  
D&SP  
Energy Coal  
Aluminium  
Iron Ore  
Base Metals  
Met Coal  
Manganese  
CSG  
2008  
Execution  
Pyrenees  
Samarco  
Neptune  
Shenzi  
WA Iron Ore  
RGP 4  
NWS  
T5  
Alumar  
Atlantis  
North  
Yabulu  
Klipspruit  
Kipper  
GEMCO  
Zamzama  
Phase 2  
2013  
Feasibility  
Guinea  
Alumina  
Worsley  
E&G  
Perseverance  
Deeps  
Navajo  
Sth  
Maruwai  
Stage 1  
Douglas-  
Middelburg  
NWS Nth  
Rankin B  
Bakhuis

Maruwai  
Stage 2  
Mt Arthur  
Coal UG  
Future Options  
Cliffs  
Newcastle  
Third Port  
NWS  
Angel  
Scarborough  
Samarco  
4  
Nimba  
Ekati  
Canadian  
Potash  
Thebe  
Browse  
LNG  
WA Iron Ore  
Quantum 2  
CW Africa  
Exploration  
GEMCO  
Exp  
CMSA  
Pyro  
Expansion  
Olympic Dam  
Expansion 1  
CMSA Heap  
Leach 2  
Olympic Dam  
Expansion 2  
Olympic Dam  
Expansion 3  
Angola  
& DRC  
Caroona  
WA Iron Ore  
RGP 5  
SA Mn  
Ore Exp  
Corridor  
Sands I  
WA Iron Ore  
Quantum 1  
MKO  
Talc

Gabon  
Macedon  
Turrum  
Neptune  
Nth  
CMSA Heap  
Leach 1  
Knotty  
Head  
NWS CP  
Wards  
Well  
RBM  
Daunia  
Peak Downs  
Exp  
Shenzi  
Nth  
Maya  
Nickel  
DRC  
Smelter  
Mad Dog  
SWR  
KNS  
Exp  
Cannington  
Life Ext  
Hallmark  
Blackwater  
UG  
NWS  
WFG  
Kennedy  
Escondida  
3rd Conc  
Goonyella  
Expansions  
Kipper  
Ph 2  
Resolution  
Corridor  
Sands II  
Saraji  
Puma  
Cerrejon  
Opt Exp  
Angostura  
Gas  
Eastern

Indonesian  
Facility  
Red Hill  
UG

Slide 11  
BHP Billiton is the largest diversified global mining company  
Sources:  
Bloomberg,  
Datastream  
as  
at

20-Mar-2008.

Note:

(a)

Rio

Tinto

undisturbed

market

cap

as

at

31-Oct-2007

Top 15 metals and mining companies

(Market capitalisation as at 20-Mar-2008, US\$bn)

(a)

0

50

100

150

200

250

Slide 12

and has created considerable wealth for global investors so far

BHP Billiton Plc

(a)

(GBP)

Source:

Bloomberg,

Datastream

as

at

20-Mar-2008

a)

Dividends/distributions

assumes

that

the

dividends

are

received

in

cash

and

reinvested

in

BHP

Billiton.

Includes

the

value

of

bonus

shares

distributed

to

BHP

Billiton

PLC

shareholders

post

the

Bluescope

Steel

spin-off.

A holder of 1,000 BHP Billiton Plc shares on 28 June 2001 would have seen the value of their total holding increase by 378%

-

5,000

10,000

15,000

20,000

25,000

Jun-01

Dec-01

Jun-02

Dec-02

Jun-03



Dec-03

Jun-04

Dec-04

Jun-05

Dec-05

Jun-06

Dec-06

Jun-07

Dec-07

Value at 20 March 2008: £16,618

Value at 28 June 2001: £3,480

Slide 13

Our message to BHP Billiton shareholders

BHP Billiton is a strong company today and will be with or without Rio Tinto

A superior track record of delivering shareholder value

A deep and diversified portfolio of resources assets

Excellent management of those assets

Genuinely global operating capability

Our strategy is clear and has been stable since 2001

The offer is structured to deliver to BHP Billiton shareholders a fair value uplift

Unlocks unique value for both groups of shareholders because of the quantified synergies and other benefits

These benefits are not available to Rio Tinto shareholders or BHP Billiton shareholders on a standalone basis

The offer is compelling

Slide 14  
Today's discussion

Introduction

BHP Billiton  
yesterday, today and tomorrow

Summary of the offer for Rio Tinto

Slide 15

Combined entity will have a unique portfolio of tier 1 assets

Highly complementary large-scale, low-cost, long-life assets

Strengthened asset portfolio and superior future growth options

Unparalleled

exposure  
to  
overlapping  
mineral  
basin  
positions  
and  
infrastructure

Optimisation  
of production efficiencies

Delivery of more volume, faster, to customers  
Enhanced earnings through quantified synergies and benefits of combination  
Broader stakeholders will benefit (customers, communities, employees)

A  
natural  
fit

common  
strategies,  
heritage,  
culture  
and  
values

Unlocking value: Why a combination with Rio Tinto?

- 1
- 2
- 3
- 4
- 5

Slide 16

BHP Billiton's 45% premium is a substantial value uplift,  
prior to the pro rata share of synergies

Source: Datastream

as at 20-Mar-2008

a)

Exchange



ratio  
assumes  
100%  
BHP  
Billiton  
Ltd  
shares  
for  
each  
Rio  
Tinto  
Ltd  
share  
and  
BHP  
Billiton  
shares  
for  
each  
Rio  
Tinto  
plc  
share  
consisting  
of  
80%  
BHP  
Billiton  
Plc  
shares  
and  
20%  
BHP  
Billiton  
Ltd  
shares.  
2.4  
fair  
value  
exchange  
ratio  
represents  
average  
for  
period  
between  
Rio  
Tinto  
offer  
for

Alcan  
(12-Jul-2007)

and  
BHP  
Billiton  
approach

to  
Rio

Tinto

Board

(1-Nov-2007).

BHP Billiton / Rio Tinto Exchange Ratio

(a)

2.2 for 1

2.4 for 1

2.6 for 1

2.8 for 1

3.0 for 1

3.2 for 1

3.4 for 1

3.6 for 1

3.8 for 1

12-Jul-2007

09-Aug-2007

06-Sep-2007

04-Oct-2007

01-Nov-2007

29-Nov-2007

27-Dec-2007

24-Jan-2008

21-Feb-2008

20-Mar-2008

Pre approach fair value exchange ratio

12-Nov-2007 BHP Billiton Proposal

06-Feb-2008 BHP

Billiton Offer

26-Nov:

Rio Tinto Investor

Presentation

12-Dec:

BHP Billiton Investor

Presentation

15-Jan:

Day one of Rio Tinto

Pilbara media visit

1-Feb:

Chinalco purchase of 12%

of Rio Tinto Plc

6-Feb:

BHP Billiton HY Results and

Rule 2.5 Announcement

08-Nov:

BHP Billiton confirms  
approach to Rio Tinto

12-Jul:

Rio Tinto announces  
Alcan Offer

Slide 17

Source: Datastream

as at 20-Mar-2008

a)

Implied offer value between 08-Nov-2007 and 05-Feb-2008 assumes an exchange ratio of 3.0 BHP Billiton Ltd shares for each  
each

Rio

Tinto  
PLC  
share  
in  
the  
form  
of  
80%  
BHP  
Billiton  
PLC  
shares  
and  
20%  
BHP  
Billiton  
Ltd  
shares.  
Implied  
offer  
value  
between  
06-Feb-2008  
and  
20-Mar-2008  
assumes  
an  
exchange  
ratio  
of  
3.4  
BHP  
Billiton  
Ltd  
shares  
for  
each  
Rio  
Tinto  
Ltd  
share  
and  
3.4  
BHP  
Billiton  
shares  
for  
each  
Rio  
Tinto

PLC

share

in

the

form

of

80%

BHP

Billiton

PLC

shares

and 20% BHP Billiton Ltd shares.

...and the market is setting Rio Tinto's price in line with

our offer terms

Rio Tinto's value has been strongly influenced by BHP Billiton's Offer

Aggregate Market

Capitalisation

(US\$bn)

50

100

150

200

250

Jun-07

Jul-07

Aug-07

Sep-07

Oct-07

Nov-07

Dec-07

Jan-08

Feb-08

Mar-08

BHP Billiton

Rio Tinto

Implied Offer Value (a)

BHP Billiton Proposal

at 3.0:1

BHP Billiton Offer

at 3.4:1

Slide 18

Legitimate questions for Rio Tinto shareholders

Assuming a satisfactory regulatory outcome, Rio Tinto shareholders will be faced with 2 choices:

Accept BHP Billiton's offer, which is priced at a 45% premium to the pre-

approach trading valuations of the two companies; or

Reject BHP Billiton's offer, and require the Rio Tinto board to deliver this value on a standalone basis

Rio Tinto shareholders will have 2 legitimate questions to ask of their Board

On what grounds does the board justify rejecting the 45% premium value uplift plus pro rata share of synergies uplift, implied by BHP Billiton's offer

How does the Rio Tinto Board propose to deliver to its shareholders this value that shareholders may forego by the Rio Tinto Board refusing to engage with BHP Billiton?

Remember this is about relative value not absolute value.



Slide 19







Slide 20  
Global consolidation  
Vale  
Norilsk  
China mining  
companies  
BHP Billiton  
Rio Tinto  
Rusal  
BHP  
Billiton  
Anglo  
Rio Tinto  
Xstrata