

BHP Billiton Limited Annual General Meeting Shareholder Questions

Below is an overview of BHP Billiton's position on a range of subjects raised by shareholders ahead of the 2009 Annual General Meeting (AGM) for BHP Billiton Limited.

Many shareholders raised the same or similar issues so we have grouped responses under common themes. These responses should be read in conjunction with the Chairman's and CEO's address to the AGM.

Thank you to those shareholders who submitted questions.

Remuneration Report

How can BHP Billiton justify increases in executive remuneration whilst over the same period as a shareholder, I am worse off?

We believe that the current global debate on executive remuneration is very important. It is in everyone's interest for companies to be able to demonstrate alignment of interests between shareholders and executives.

We also believe the statutory reporting requirements of remuneration should reflect what executives actually get paid. Too often the debate occurs on the basis of theoretical accounting calculations of potential remuneration which can create confusion. Due to BHP Billiton's dual listing in the UK and Australia, our remuneration reporting has to comply with the different reporting requirements legally required in both jurisdictions. This can make our remuneration report somewhat confusing in determining the remuneration executives actually receive each year.

The success of BHP Billiton's performance is highly dependent on the quality of our people. In essence, to be successful BHP Billiton will have to compete for the best people on a global scale and across all industries.

The key principles of our remuneration policy are to:

- provide competitive rewards to attract, motivate and retain highly-skilled executives willing to work around the world;
- apply demanding key performance indicators including both financial and non-financial measures of performance over time;
- link a large component of pay to our performance and the creation of value for shareholders. This component of remuneration is 'at risk' which means that if the performance threshold is not met, part or all of the remuneration will not apply.

It is also important to note that the Remuneration Committee, which is chaired by independent Director, John Buchanan, receives advice from independent adviser Kepler Associates as well as internal advice from remuneration specialists.

Short-term incentives are earned only if an executive meets robust performance targets relating to safety, business strategy, and relevant operational objectives.

Any cash award associated with the short-term incentive is matched in value with either deferred shares and/or options which are subject to a two-year holding period. This aligns short-term performance with our business strategy and is designed to retain highly-skilled executives.

The Long Term Incentive Plan was first introduced following shareholder approval in 2004. Under this plan, the company's Total Shareholder Return (TSR) over a five-year period is assessed relative to the TSR of an index of peer companies (Index). The fundamental objective of the long-term scheme is to align the interests of shareholders and executives for superior performance.

For all performance shares to vest, BHP Billiton's TSR must exceed the Index TSR by 5.5 per cent per annum, compound over a five-year period. This equates to exceeding the Index TSR over the five-year period by 30.7 per cent.

Over the five-year period which ended on 30 June 2009, BHP Billiton's TSR performance was 306 per cent compared with the Index of 71.8 per cent. Over the same period, the increase in market capitalisation of BHP Billiton outperformed the same peer group by US\$80 billion.

Approval of the Remuneration Report must be mandatory and not advisory, when will this be the case?

Executive remuneration is a matter of legitimate shareholder concern and we always take our responsibilities in this area very seriously. BHP Billiton sets and observes high standards of governance in relation to remuneration policies and practices. That means following practices that deliver outcomes aligned to the interests of our shareholders. It also means having responsible remuneration practices designed to attract, motivate and retain the people we need to run our business.

BHP Billiton supported the Productivity Commission's review of Executive Remuneration in Australia. In particular, we support any initiative that promotes a greater understanding in the market of what 'at risk' remuneration actually means, in terms of short and long term incentives. Related to this, we are very supportive of the recommendation for a plain English summary statement of companies' remuneration policies, and the reporting of actual levels of remuneration received by executives. We believe the reporting of actual pay received within the year will provide the owners of our business; our shareholders; with greater clarity on the remuneration executives actually receive.

In relation to the shareholder vote on the Remuneration Report, even though it is advisory, the Board takes the outcome of the vote into account when considering the Group's remuneration policy.

How can you justify increases to Directors fees?

The fees we pay Directors reflect the size and complexity of the BHP Billiton Group. These fees are independently reviewed and benchmarked against peer companies in the Australian and United Kingdom markets. Directors did not receive a fee increase in the 2009 financial year.

Why not give the CEO and executives a pay rise and stop the share incentive Plans? The executive team could elect to buy shares with the pay increase – they would take the risk/rewards as ordinary shareholders do.

Share incentive plans support the remuneration policy by applying key performance indicators and linking a large component of pay to performance. Share incentive plans are a key part of an executive's 'at risk' remuneration which aims to align executives and shareholders' interests. BHP Billiton has both short and long term incentive plans, which assist in supporting a high performance culture linked to our business strategy. They align shareholder interests with business objectives, and assist with talent attraction and retention.

In addition to participation in share incentive plans that vest over time, executives are required to hold between 200% and 300% of one year after tax base salary as a minimum shareholding requirement. The share ownership requirement is intended to reinforce shareholder alignment.

Dividends

Why don't you increase the dividends paid to shareholders?

We have a progressive dividend policy which seeks to steadily increase or at least to maintain the dividend in US dollars at each half yearly payment, provided that we generate sufficient profit to do so. In FY2009 dividends increased by 17.1 per cent to US 82 cents per share.

Our objective to create long-term shareholder value is supported by our strategy, which includes maintaining financial strength and discipline. In line with this, our capital management program has three priorities:

- To reinvest in our extensive pipeline of world-class projects that carry attractive rates of return regardless of the economic climate.
- To ensure a solid balance sheet.
- To return excess capital to shareholders, either through our progressive dividend policy or other means.

Ravensthorpe Nickel Operation

Given the cost of the Ravensthorpe Nickel Operation and subsequent indefinite suspension will the company provide information on what went wrong to prevent this from reoccurring?

On 21 January 2009 BHP Billiton announced the indefinite suspension of Ravensthorpe Nickel Operation which was the result of the economic environment and continued deterioration in the outlook for the nickel market at that time, as well as the projected level of capital expenditure required in order to achieve and sustain projected production volumes at Ravensthorpe.

Olympic Dam Expansion

What response has BHP Billiton made to the environmental concerns raised during the public submission process for the Olympic Dam Expansion project?

The 14 week public exhibition period of the Draft Environmental Impact Statement (EIS) for the proposed expansion of Olympic Dam was an opportunity for interested stakeholders to make their views known to government.

Around 4,000 public submissions were made to the South Australian government regarding the proposal. BHP Billiton will respond to all submissions through a Supplementary EIS which will also be a public document available in early 2010. In the meantime, BHP Billiton will not be commenting on individual submissions.

Illawarra Coal - Impact on rivers

What precautions did you take before mining under Shoalhaven River in New South Wales Australia? Is it true that the river bed was broken and that water is seeping out?

This is factually incorrect. We have not mined anywhere near the Shoalhaven River in New South Wales.

Location of AGM

How do you determine the location of the AGM?

The Board has a commitment to provide all shareholders in major capital cities of Australia the opportunity to attend AGMs where possible.

The AGM of BHP Billiton Limited last year was held in Melbourne and this year it was held in Brisbane. The Plc AGM is held in London each year. In previous years the Limited AGM has been held in Perth, Sydney and Adelaide. The company rotates the meetings so that all Limited shareholders are given the opportunity to attend the AGM in person.

The AGMs are also webcast so that shareholders who are not able to attend in person can hear the proceedings as they occur.

Climate change / carbon emissions

What are your strategies to reduce or control carbon emissions?

The issues associated with climate change continue to be a challenge for governments, communities and industry around the world. The urgency and complexity of these issues require responses from all of us. BHP Billiton shares the view that the rational choice is to accept that the mainstream science is right in pointing to high risks from unmitigated climate change.

Detailed information regarding our approach to environmental responsibilities is available on our website: <http://bhpbilliton.com/bb/sustainableDevelopment.jsp>