

BHP Billiton Limited 2011 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 2011 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.

Dividends

Why does BHP Billiton not pay a higher dividend?

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 high return growth opportunities throughout the economic cycle;
- To manage the balance sheet with a solid A credit rating while maintaining our progressive dividend policy; and
- To return excess capital to shareholders in a consistent and disciplined fashion.

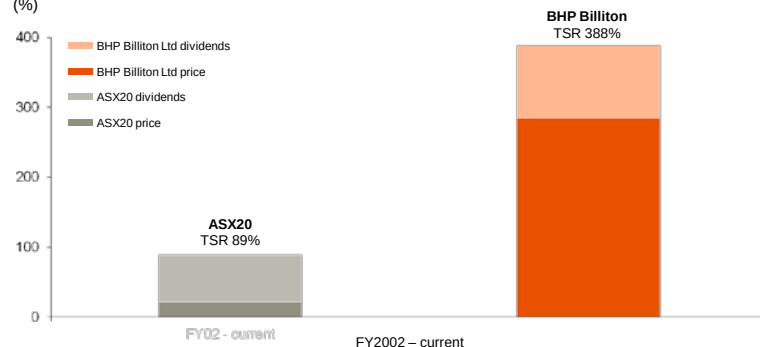
At our 2011 financial year results, we rebased the final dividend by 22 per cent. Over the last decade, our progressive dividend has increased at a compound annual growth rate of 26 per cent.

However, dividends only form one part of our broader capital management strategy. A better way to assess value creation is to look at total shareholder returns. Our strategy has delivered significant value over a long period and share price growth has contributed the majority of that return. Over the last decade the total shareholder return is 388 per cent compared with 89 per cent for the current ASX 20.

Delivering superior shareholder returns



Total Shareholder Return (TSR)¹
(%)



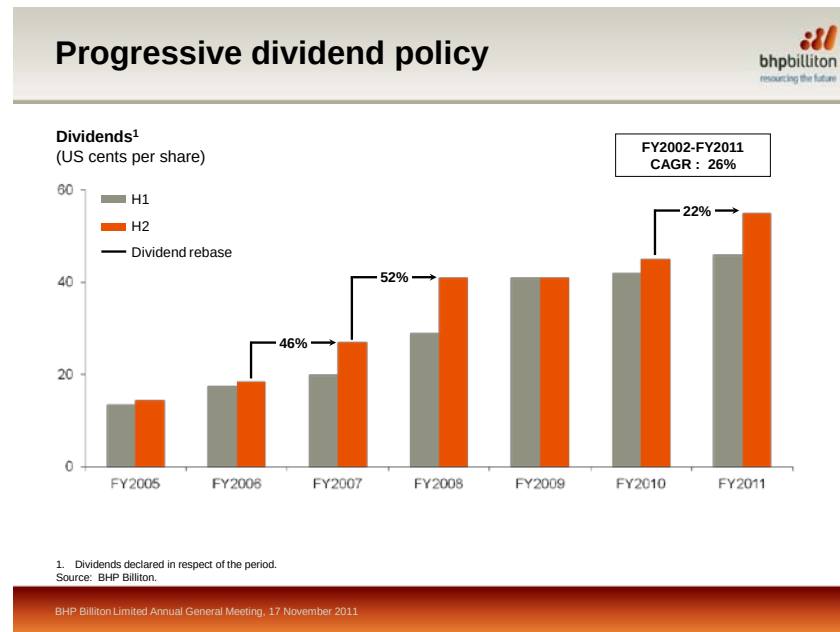
Source: Datastream.

1. TSR calculated in Australian dollars from merger date to 31 October 2011. Note that the share price reflects adjustments for rights issues and bonus shares and dividends assume reinvestment on the ex-dividend date.

What is your dividend policy?

BHP Billiton has a progressive dividend policy. The aim of this policy is to steadily increase or at least to maintain the dividend in US dollars at each half yearly payment.

Since BHP Billiton was formed 10 years ago we have held to this commitment, including during the global financial crisis. In that time, we have increased the dividend at a compound annual growth rate of 26 per cent in US dollars and 17 per cent in Australian dollars.



Board

Why do you not have more women on your Board?

BHP Billiton's strategy is predicated on diversification - of commodity, geography and market. To do so successfully it needs to recruit, develop and retain a talented and diverse workforce.

We believe that a workforce profile that reflects, as far as possible, the communities in which we operate is key to our success. This requires us to achieve workforce diversity in all its forms, including gender, ethnicity, skill, thought, experience, style and language; all important elements of our people strategy and key drivers of our success. Diversity is therefore an issue that always has the keen attention of the Board and management.

We adopted early the Australian Securities Exchange Corporate Governance Council Principles and Recommendations on diversity in 2010, and in financial year 2011 the Board spent time considering its aspirational diversity goals.

The Board believes that critical mass is important for diversity and, in relation to gender, we have publicly committed to an aspirational goal of three women on our Board within two years – which would represent an increase from 17 per cent currently to 25 per cent based on a Board size of 12. This is consistent with Lord

Davies' report in the UK, which recommends that FTSE 350 companies should set aspirational goals for Board gender composition.

We have also reviewed our Director selection practices to ensure appropriate consideration of other diversity criteria such as geographic location and nationality as well as gender. The review included an assessment of the Board Committees' Terms of Reference, and resulted in amendments to the Terms of Reference of the Nomination Committee and the Remuneration Committee to formalise diversity considerations.

There are too many directors on the Board?

We believe that we have an appropriate size board given the scale and complexity of the Company. The Board considers that a diversity of skills, backgrounds, knowledge, experience and gender is required in order to effectively govern the business.

The Board has a good combination of international and operational experience; understanding of the sectors in which we operate; knowledge of world capital markets; and an understanding of the health, safety, environmental and community challenges that BHP Billiton faces.

There is also a good mix of tenure on the Board. We have a blend of Directors with fresh perspectives, as well as Directors with significant corporate memory. Having some longer serving Directors makes sense in an industry like ours with long term investment time frames.

The appropriate composition of the Board is continually under review by the Board with the assistance of the Nomination Committee. The Board believes that an orderly succession and renewal process is in the best interests of the Group and this year we appointed Lindsay Maxsted and Shriti Vadera.

In planning for its own succession, the Board:

- considers the diversity of skills, backgrounds, knowledge, experience and gender necessary to allow it to meet the strategic vision for the business;
- assesses the skills, backgrounds, knowledge, experience and gender currently represented;
- identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
- reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

The Board works together as a whole to oversee strategy for the Group and monitor pursuit of the corporate objective. We believe that the Board has the appropriate mix of skills and experience, group and industry knowledge.

Remuneration

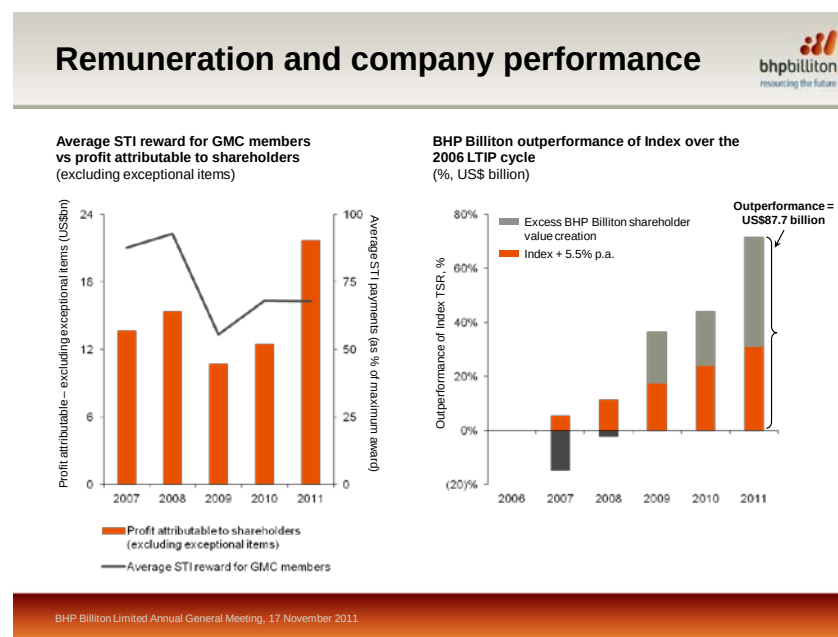
How can BHP Billiton justify how much it pays its executives?

Our remuneration policy is designed to deliver strong alignment of interests between executives, shareholders and our business strategy.

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 financial and non-financial measures of performance over time;
- Link a large component of pay to our performance and the creation of value for our 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.

BHP Billiton is committed to a performance-based culture with around 70 per cent of executive pay being performance based. Individual short-term performance is assessed against performance metrics that include financial results, HSEC, effective capital deployment and personal performance. The long-term incentive plan is a relative Total Shareholder Return program with a 5 year performance vesting period. In this way executive pay is directly aligned with shareholder interests. There is a high correlation between BHP Billiton's performance and levels of executive compensation as demonstrated by the graphs below.



Moreover, all executive pay is benchmarked against companies of similar scale and complexity. We benchmark total compensation against other large mining, oil and gas companies.

The Remuneration Committee recognises we operate in a global environment and that our performance depends on the quality of our people. It keeps the remuneration policy under regular review to ensure it is appropriate for the needs of the group.

Our basic remuneration structure has been in place since 2004. We consulted with shareholders then, we continue to do so and we have had strong support for our approach since its beginning.

Why are Directors' fees so high?

Our Non-executive Directors are paid in compliance with the UK Corporate Governance Code (2010) and the ASX Corporate Governance Council Principles of Good Corporate Governance (2007, with 2010 amendments). The fees have been benchmarked against peer companies in Australia and the UK, and reviewed by independent experts, and in our view are fair and appropriate.

In July 2011, base fees increased following an independent review by Deloitte. The fees reflect the demands of a global, complex business, operating under a dual-listed company structure which creates additional complexity and commitment for Board members. Non-executive Directors do not receive any incentive pay or share awards. The Board is conscious that just as the Group must set remuneration levels to attract and retain talented executives, it must also ensure that remuneration rates for Non-executive Directors are set a level that will attract and retain the calibre of Director necessary to contribute effectively to a high-performing Board.

Carbon Tax

What is the likely impact of the Australian carbon tax?

We have held the view for some time that effectively addressing climate change requires a carbon price signal.

But we still need more clarity around transitional arrangements, such as those promised for the coal sector, before we can make a precise assessment of the long term cost impact.

We will continue to engage with Government on the detail around implementation of the policy.

Mining Tax

What is the likely impact on the company from the proposed mining tax in Australia?

The proposed Minerals Resource Rent Tax (MRRT) is closer to meeting BHP Billiton's four tax principles: Prospective; Competitive; Differentiated; and Resource based.

BHP Billiton pays a considerable amount of tax in Australia (comprising Company Tax, Royalties and other production taxes) – A\$6 billion for the year ended 30 June 2011 as outlined in the Sustainability Report.

We remain committed to working constructively with the Government through the Treasury led Resource Tax Implementation Group (RTIG) on the implementation of the MRRT in accordance with the Heads of Agreement.

The proposed MRRT, if legislated as currently detailed, would increase the amount of tax payable by our Australian iron ore and coal businesses.