

A photograph of an offshore oil rig at sunset. The rig is illuminated with warm orange lights, and the sky is a deep blue. The rig's structure, including pipes and platforms, is visible against the horizon. The water is dark and reflects the lights from the rig.

Simplicity, Focus & Growth

Marketing Presentation to Analysts

Tuesday, 2 October 2007



bhpbilliton

Disclaimer

The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Key topics

- Introduction – Tom Schutte
- One Business – Gideon Oberholzer (Sydney)
- One Process – Mike Henry
- One Measurement and Risk Management model – Paul Koppelman
- Concluding Comments – Tom Schutte
- Questions

Introduction

- **Unique** centralised Marketing model
 - Key differentiator
- **Delivering** value
 - Optimising know how
 - Cost control
- Positioned for **Growth**
 - Maximising product pipeline

The Marketing business

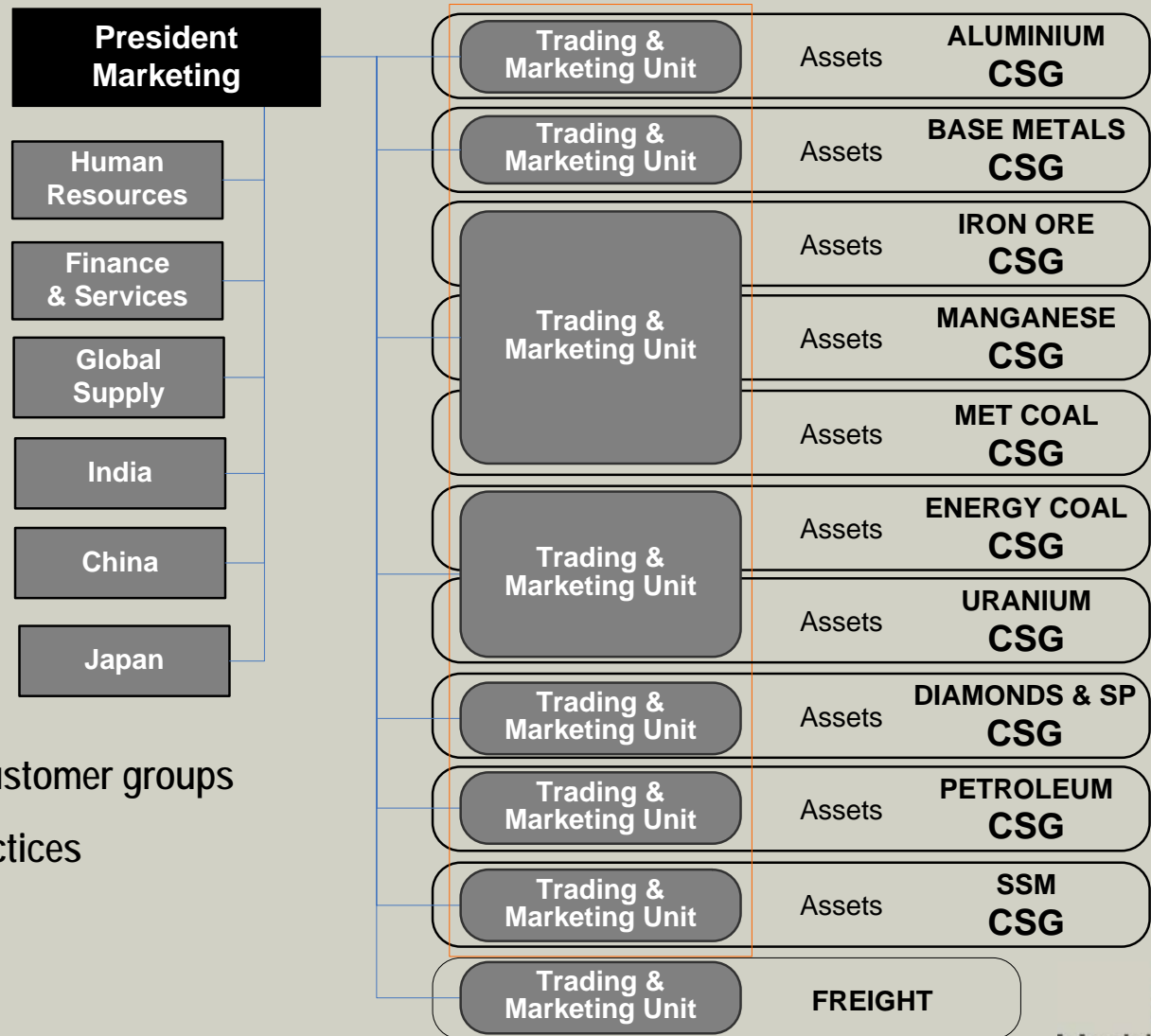
- Manages all post-asset and some pre-asset activities for the Group
- Generates incremental value via marketing, trading, and supply-chain optimisation
- Supports the strategic foresight of the organisation via its insight into the external environment.

Our market dimensions

Commercial FY07 revenue **US\$47.5 billion** selling **27** commodities to over **1,200** customers
People Staff from over **43** nationalities located around **the globe**

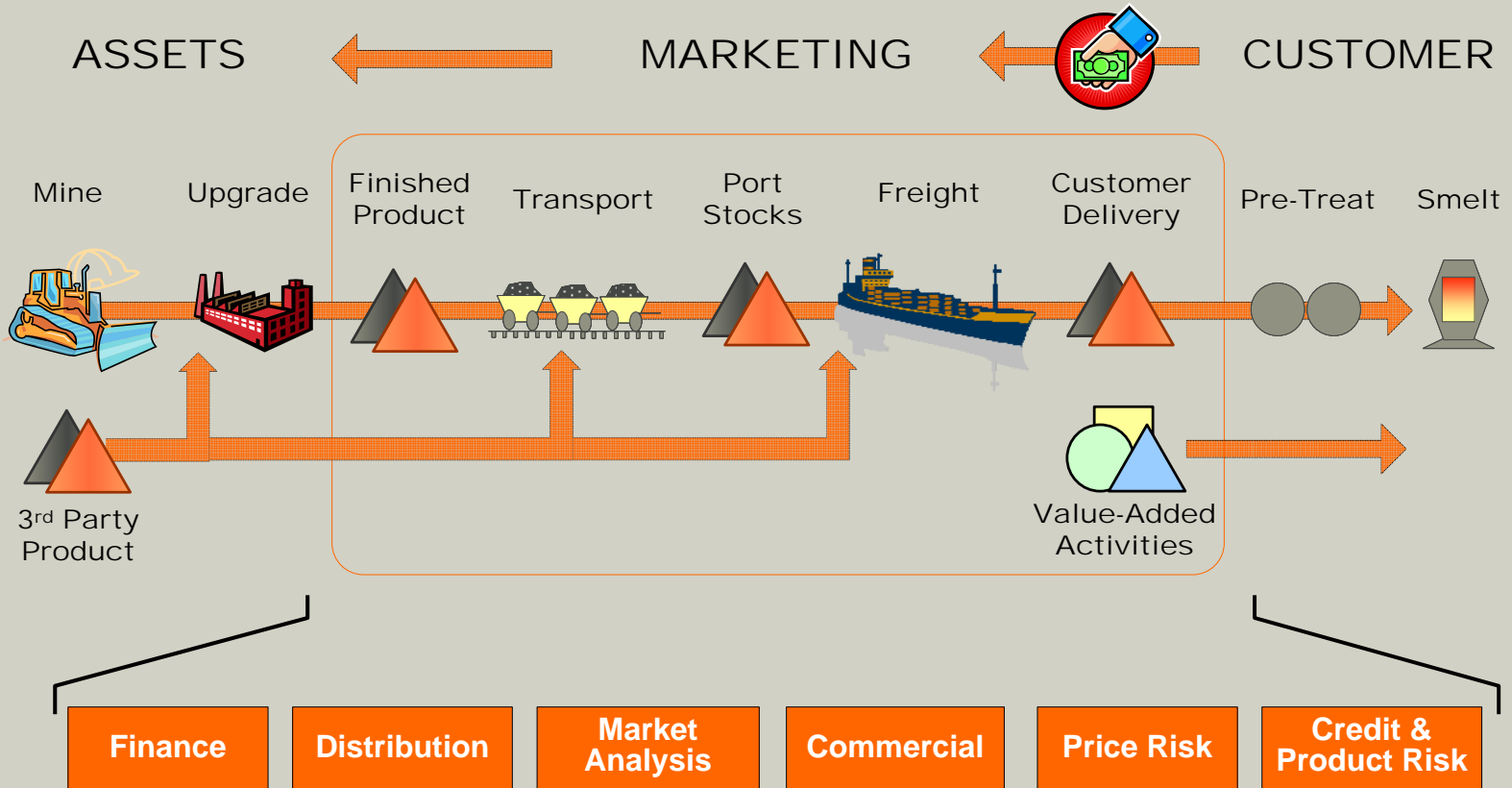


Organisation structure



- Focussed around customer groups
- Sharing leading practices
- One system
- Talent management

Marketing activities



The Marketing business assumes ownership of saleable product and manages the supply chain through to final delivery and payment by the customer.



One Business

Gideon Oberholzer

Vice President Freight



bhpbilliton

One world, many chapters

“Our structure threads the chapters together which allows us to operate as One Business, through One Book, forming a Holistic view”

- One view
- One talent pool
- One customer interface
- One marketplace



One book, holistic view

- Many commodities and sales to all parts of the globe, but **one business**
- The **one book** approach to Marketing ensures we have a holistic view of the world market
- Having only **one point of reference** helps us anticipate change quickly



One book, many opportunities

One book means no internal barriers

- e.g. Centralised freight management

Recognised for third party trading and multi sourcing options.

- e.g. Coal blending

Cross-commodity arbitrage

- e.g. Multi-commodity benefits through vessel optimisation

Supplier of Choice

- e.g. Scale and flexibility in freight.

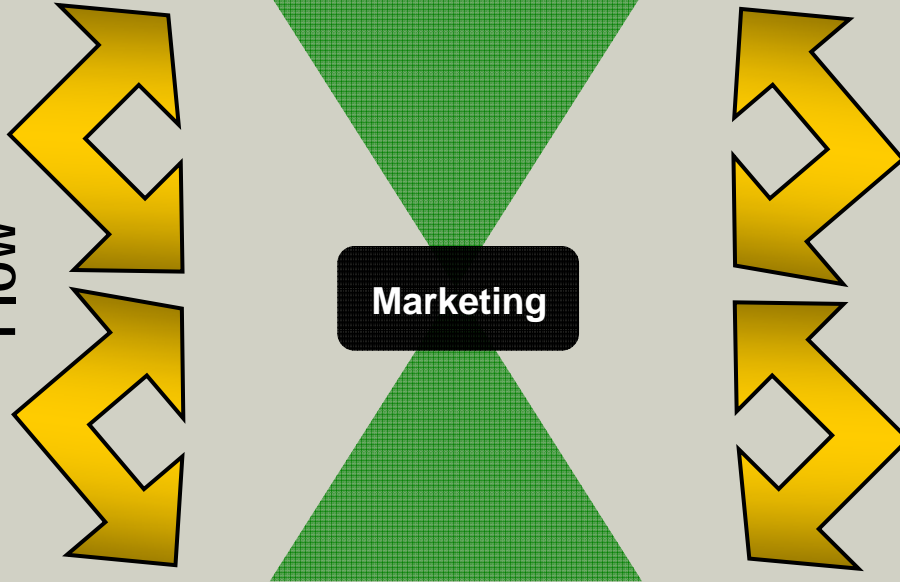
Many commodities, one integrated view

Our Assets



Information

FLOW



Customers & End Markets



Integration of new products

- Basic market fundamentals apply across commodities.
- Ease of replication across all commodities including “different” new commodities / businesses.
- Cross pollination of knowledge and information.
- Opportunities to develop and enhance our people talent pipeline.

Benefits of one business model

A shared model underpins all our existing commodities

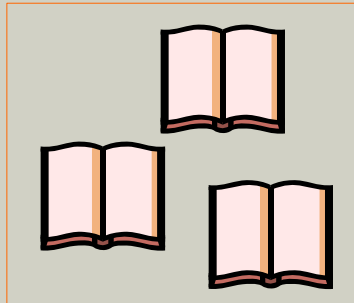
- Standardisation of processes & approval frameworks

Scalability is key

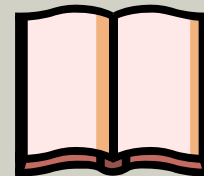
- Caters for internal growth
- Provides a template for integrating newly acquired companies – e.g. WMC.

WMC

3,066 employees + 1,797 contractors
US\$7.3 billion transaction



**Consolidate business
into a single book**



Concrete benefits

- WMC integration completed in 90 days
- Synergies led to immediate savings:
systems, headcount,
agents, logistics.



One Process

Mike Henry Marketing Director (Energy Coal)



Range of activities – One set of common processes and systems


“Marketing brings common processes and systems to its broad range of value adding activities. This ensures business efficiency and application of best practice across the organisation.”



Leveraging the systems and processes

Examples in action;

- Integrated freight and distribution activities reduce freight costs
 - Sustainable 5 - 10% reduction relative to prevailing market prices
- Integrated planning and standardised freight increase throughput
 - Port Hedland increased throughput
- Centralised position management and contracting reduce supply cost
 - Australian fuels and sulphur
- Product simplification yields operational efficiency
 - Aluminium product standardisation



One Measurement and Risk Management Model

Paul Koppelman CFO Commercial



Measurement enables value identification

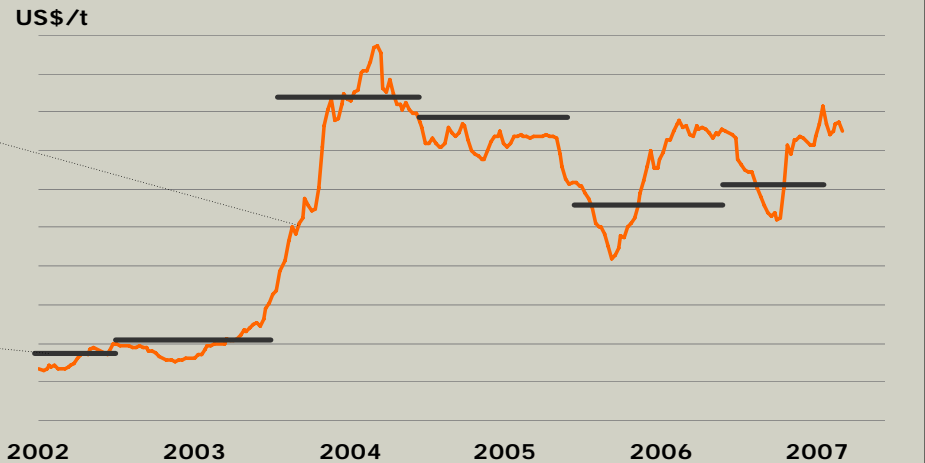
- Floating Price Measures against our zero risk position
- Daily Profit & Loss
- Common measurement across commodities

Floating Price

We have adopted a floating price model

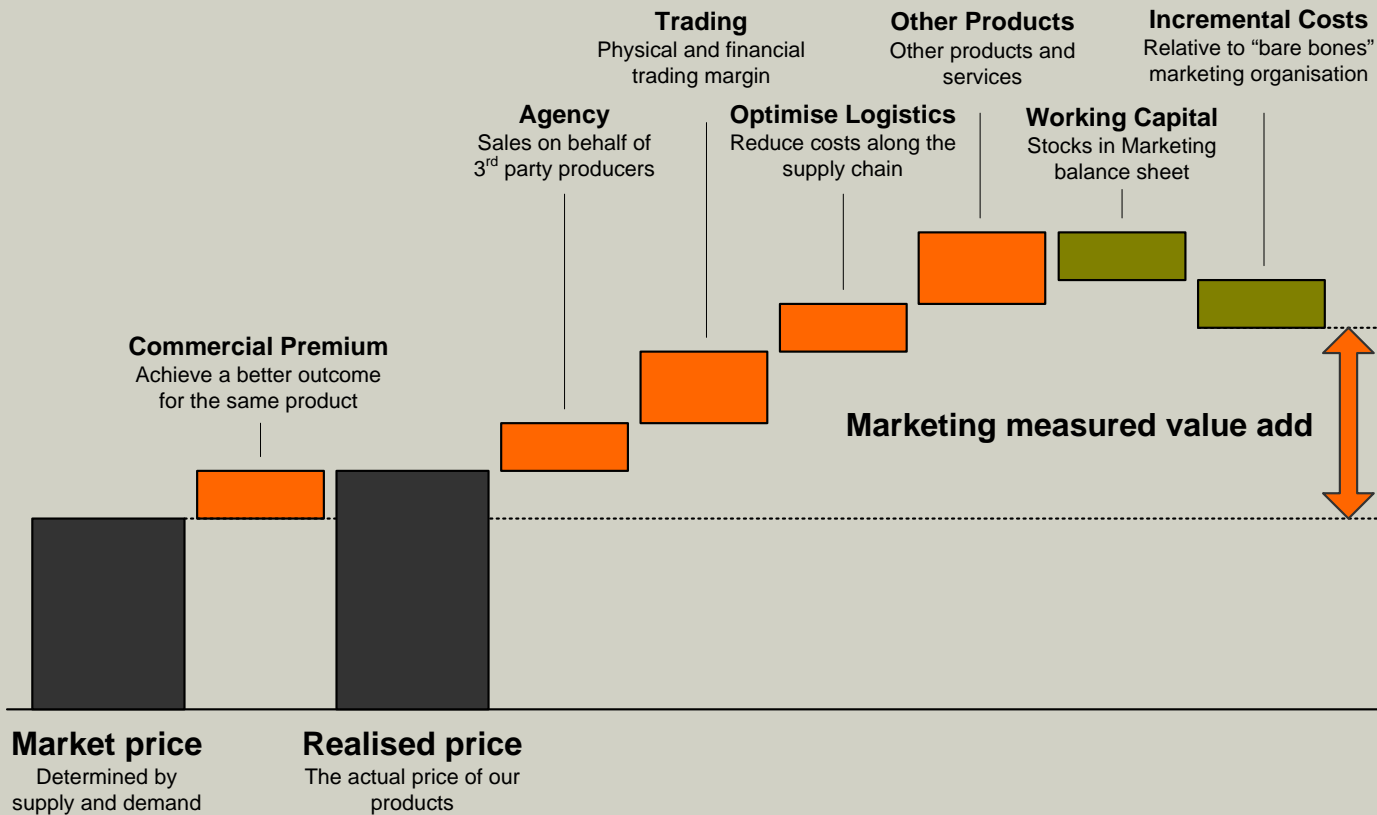
The spot price is determined by supply and demand in the market

Fixed price sales carry a greater price risk



Measurement enables value identification

The value add of the Marketing organisation is greater than 1.0% of total Group sales

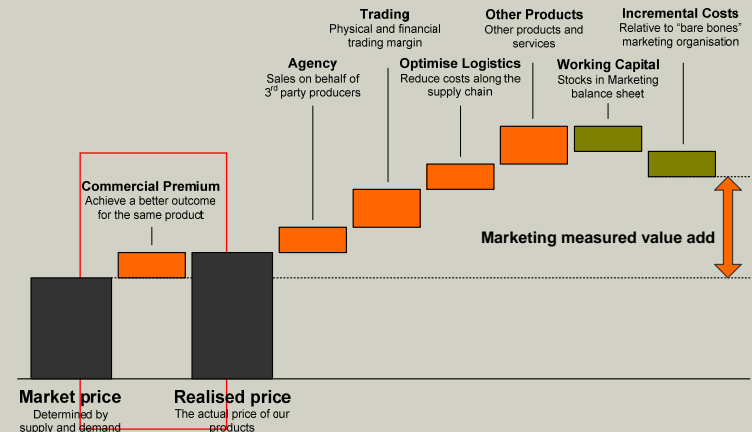


Value generation

Securing optimal commercial premiums for our products over the long-term

Specific examples:

- Copper price participation elimination (\$200Million pa);
- Use of multi-asset and third-party optionality – e.g. multi-sourcing in energy coal and blending in iron-ore;
- Enhanced value in key commercial contracts; and
- Having a greater understanding of option values



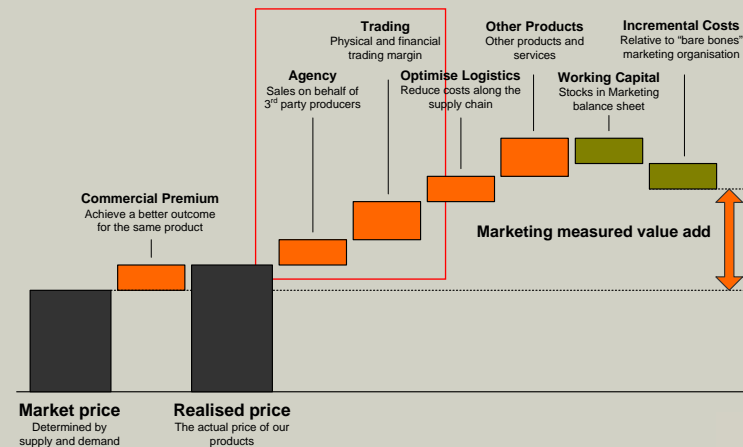
Value generation

Agency and Trading:

- Global market footprint can be leveraged for proprietary trading profit; and
- Our global scale, capabilities and systems support our ability to capture agencies

Specific examples:

- Trading activity, particularly in the freight market where we are a significant player; and
- Agencies



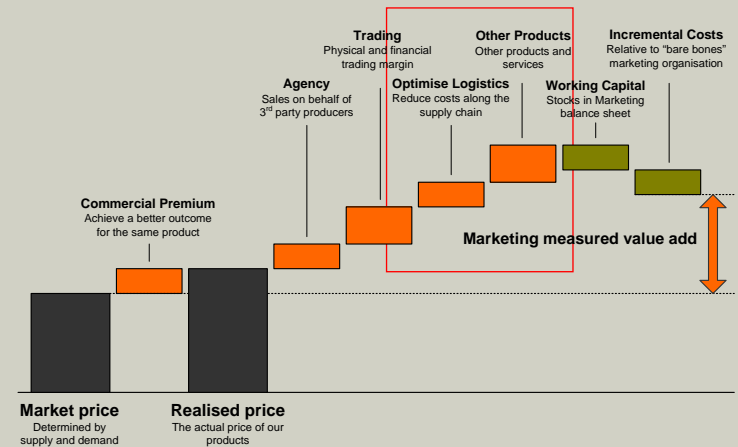
Value generation

Optimising the enterprise-wide supply chain and Other Products:

- Freight arbitrage is a major source of value;
- Economies of scale along the supply chain; and
- Asset margins via yield optimisation, and absorption of operational variability

Specific examples:

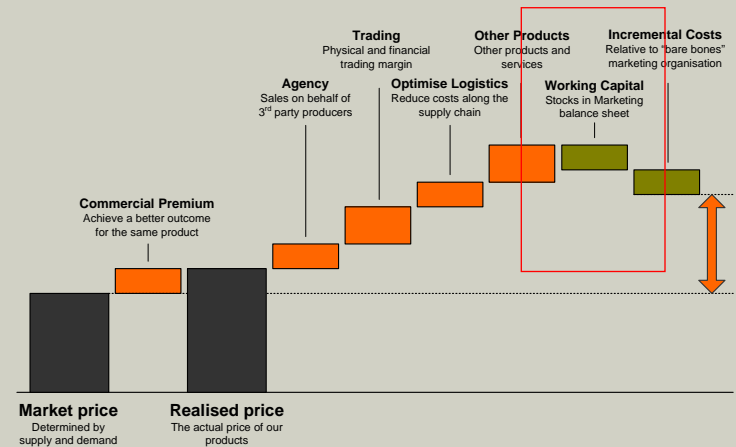
- Chinese screening facility to increase throughput;
- Freight route optimisation;
- Demurrage optimisation (CIF vs. FOB);
- Sourcing; and
- Technical Marketing.



Value generation

Centralised Risk Management Model

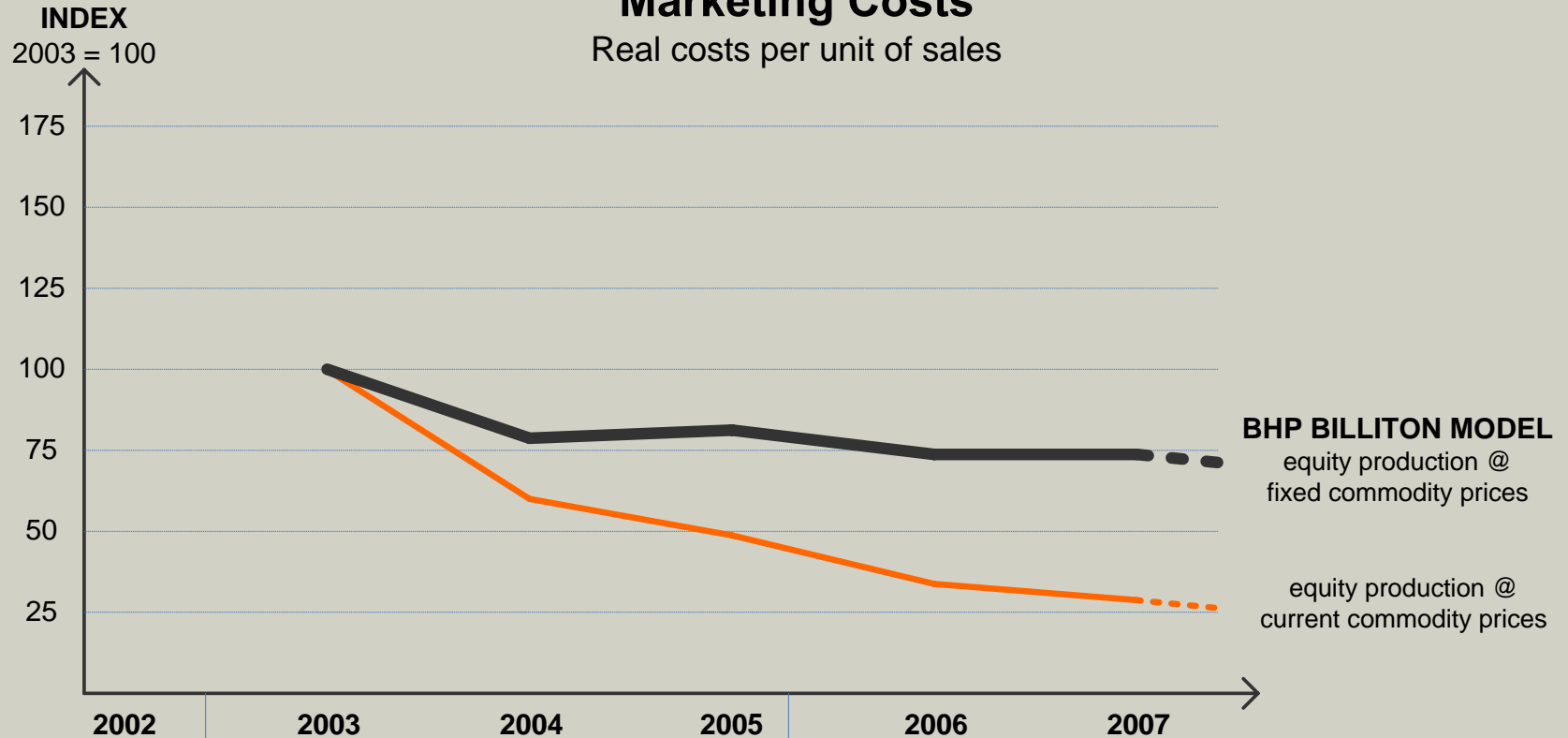
- Effective capital management
- Understand, assess and value risk
- Mitigate, price and/or translate into opportunity



Scalability leads to lower costs

Marketing Costs

Real costs per unit of sales



Marketing adopts One Book model

Relocation of global marketing teams to customer centric hubs

WMC Acquisition

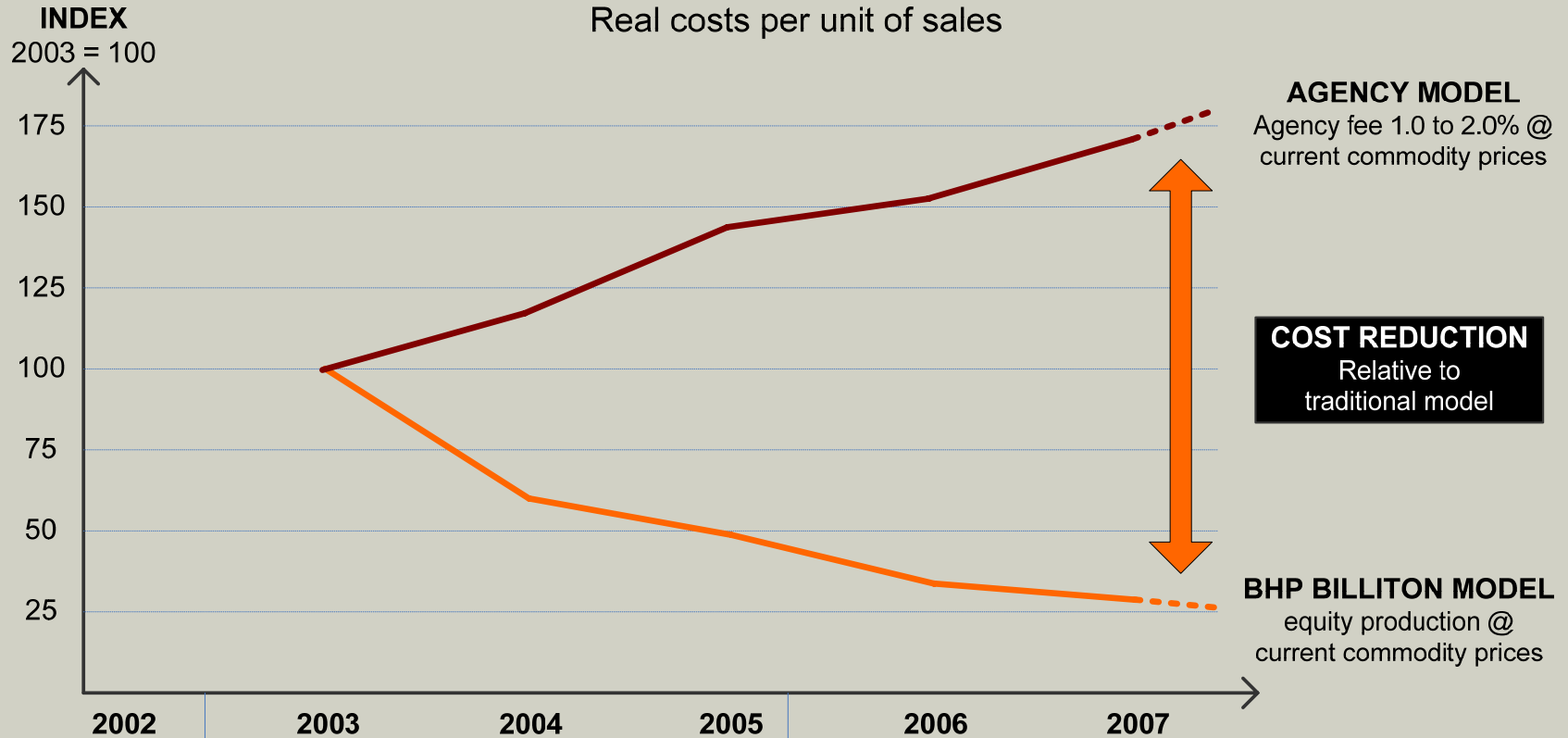
Integration of WMC marketing in 90 days

Note: Costs are adjusted for changes in the exchange rate of the USD during the period 2003-07

IF we had stayed with the traditional agency model...

Marketing Costs

Real costs per unit of sales



AGENCY MODEL
Agency fee 1.0 to 2.0% @
current commodity prices

COST REDUCTION
Relative to
traditional model

BHP BILLITON MODEL
equity production @
current commodity prices

Marketing adopts One Book model
Relocation of global marketing teams to
customer centric hubs

WMC Acquisition
Integration of WMC
marketing in 90 days





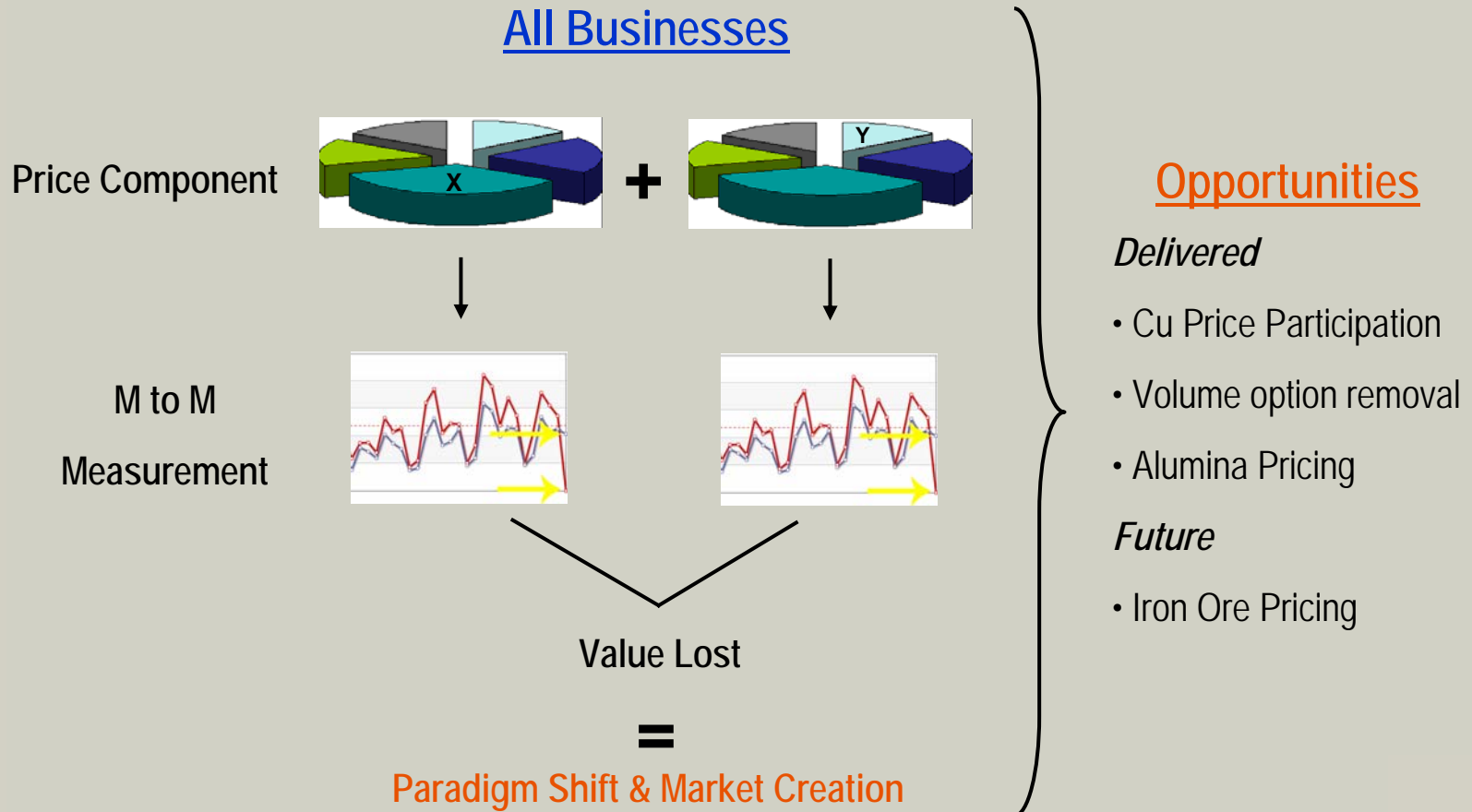
Concluding Comments

Tom Schutte President Marketing



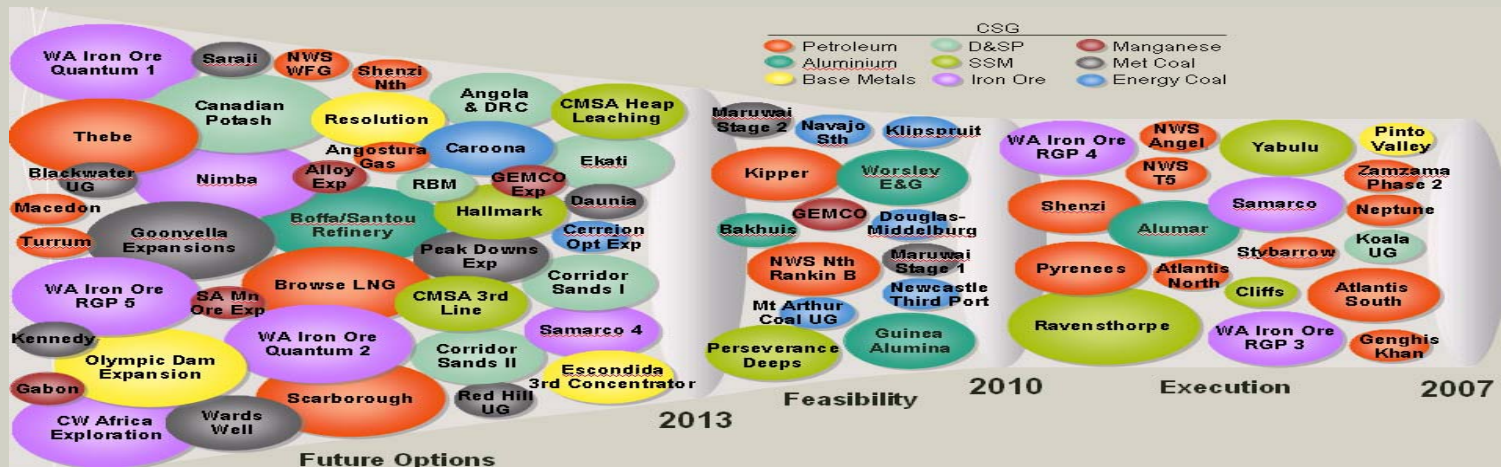
Significant value add exists

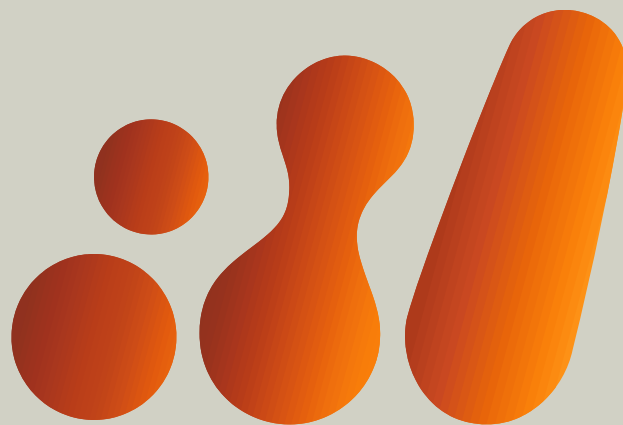
Opportunity Identification & Delivery



Concluding comments

- We challenge industry paradigms
- We embrace change
- We have a unique structure which ;
 - makes change happen
 - provides ultimate scalability
 - is geared for growth





bhpbilliton