

A large offshore oil rig is shown at sunset or sunrise. The rig's complex structure of pipes, scaffolding, and platforms is silhouetted against a vibrant orange and blue sky. Warm lights from the rig illuminate the scene, and the calm sea reflects the colors of the sky. The rig extends from the left side of the frame towards the center, with a large crane visible in the background.

Simplicity, Focus & Growth

Marketing Presentation to Analysts

Tuesday, 2 October 2007



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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

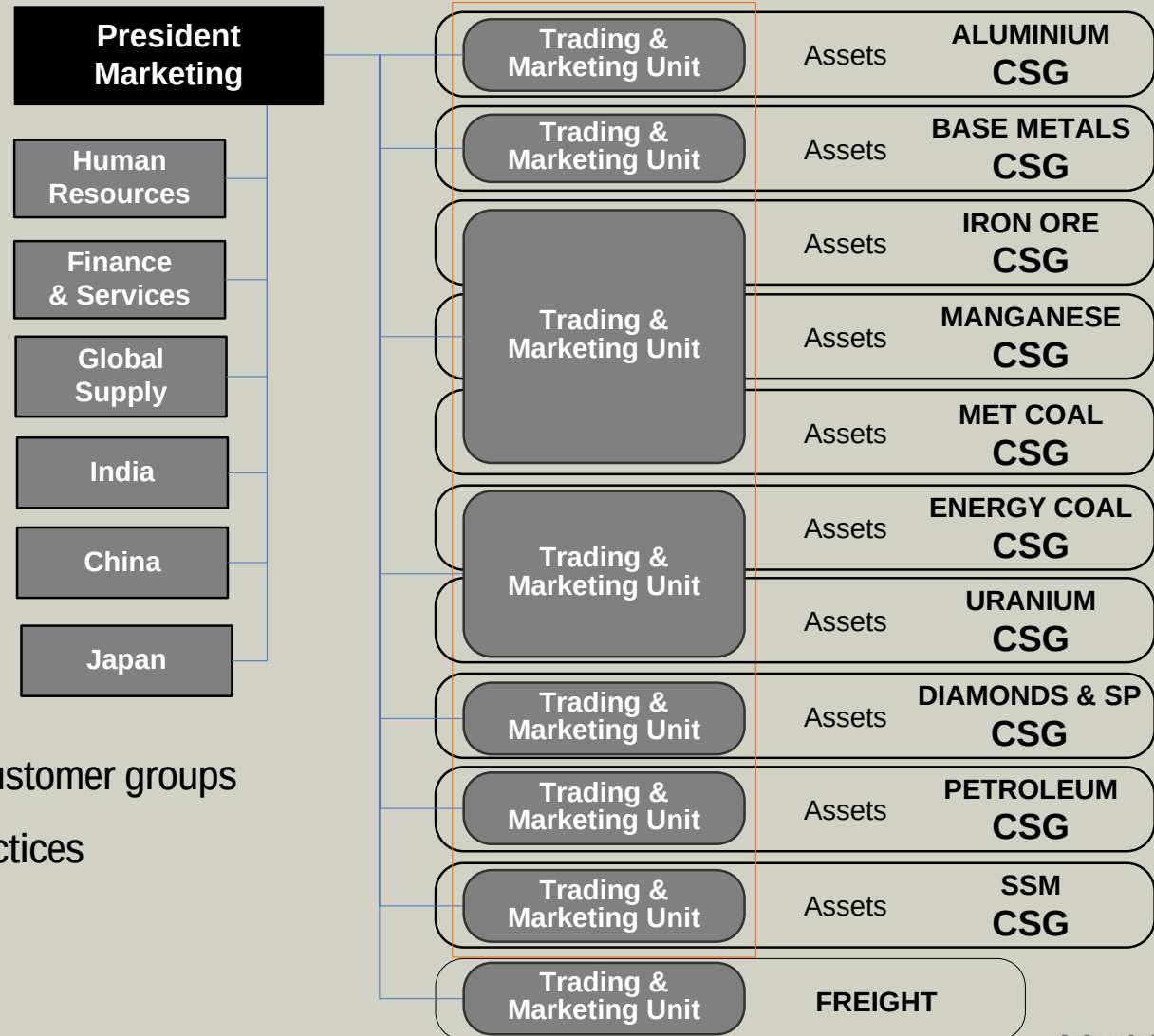
- Manages all post-asset and some pre-asset activities for the Group
- Generates incremental value via marketing, trading, and supply-chain optimisation
- Supports the strategic foresight of the organisation via its insight into the external environment.

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

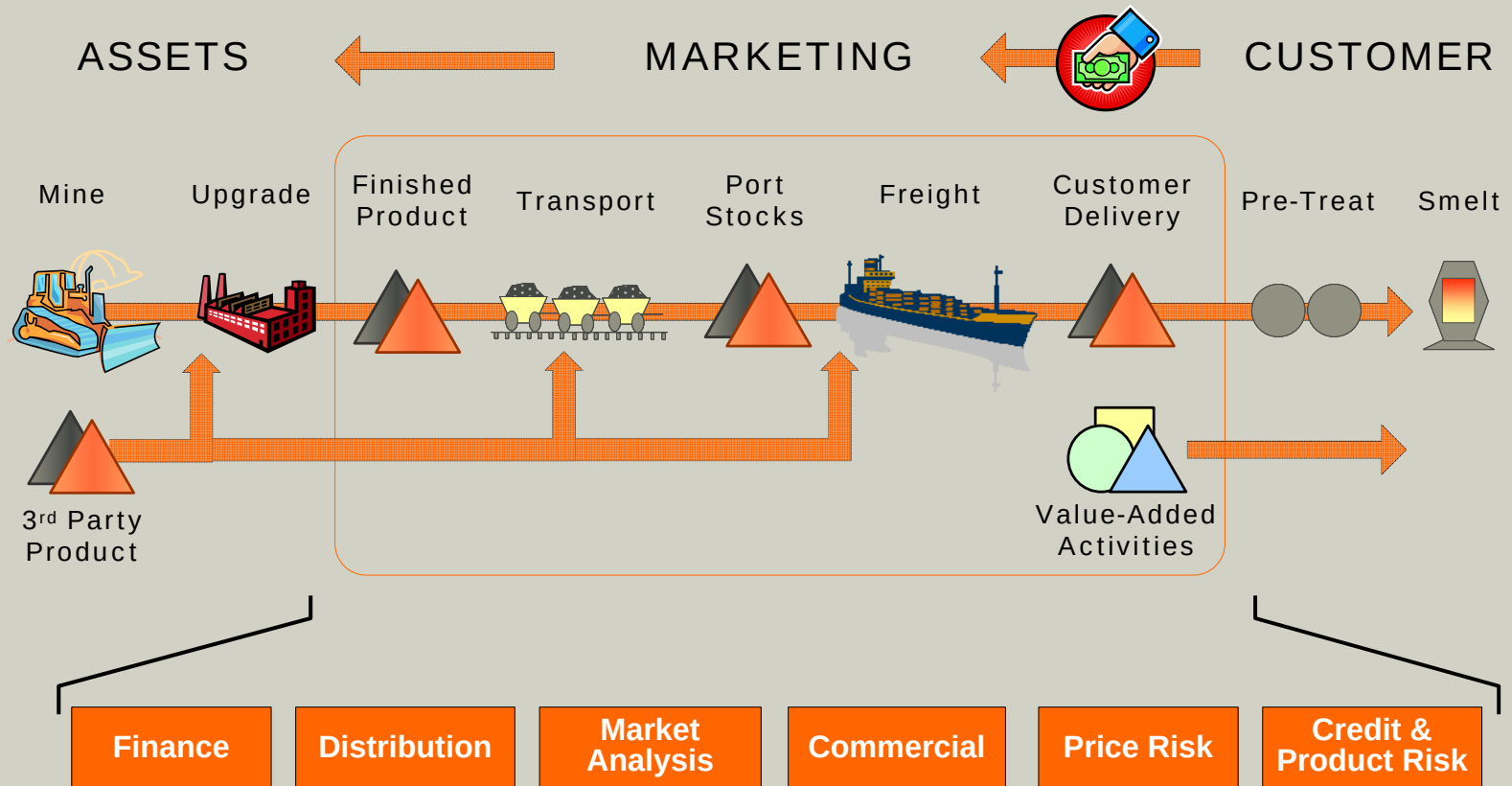


Organisation structure



- 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



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.

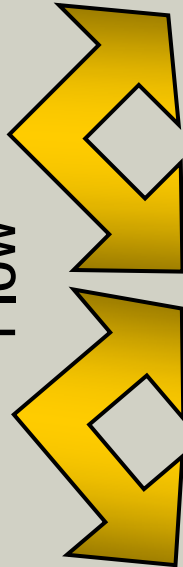
Many commodities, one integrated view

Our
Assets

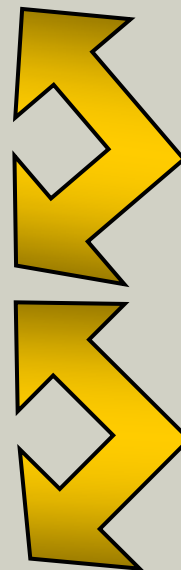


Information

Flow



Marketing



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

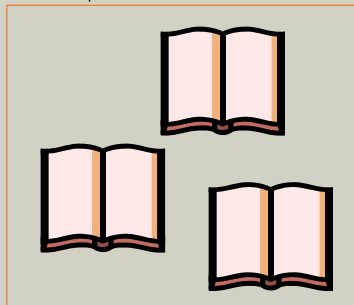
- Standardisation of processes & approval frameworks

Scalability is key

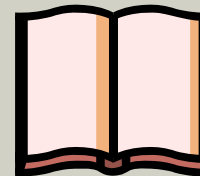
- Caters for internal growth
- Provides a template for integrating newly acquired companies – e.g. WMC.

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.



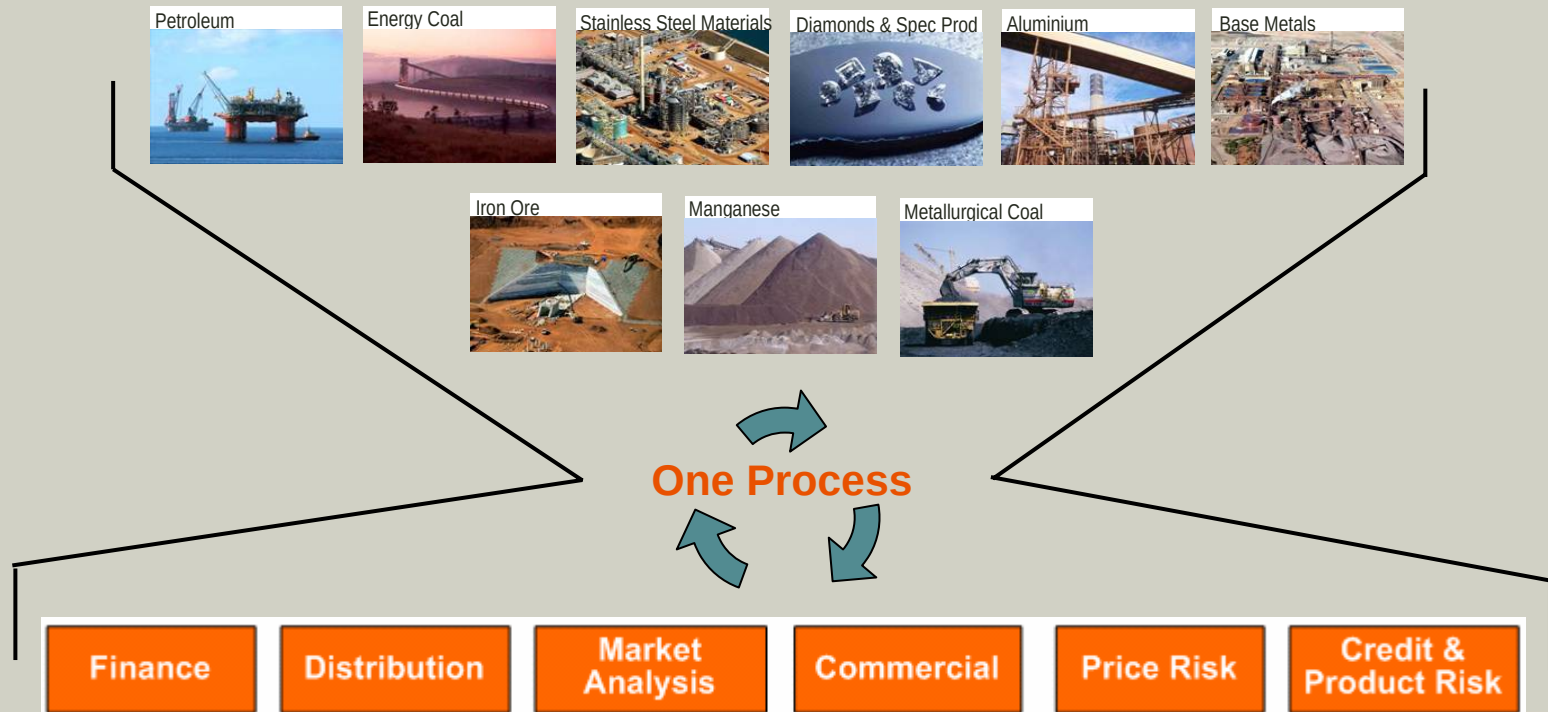
One Process

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

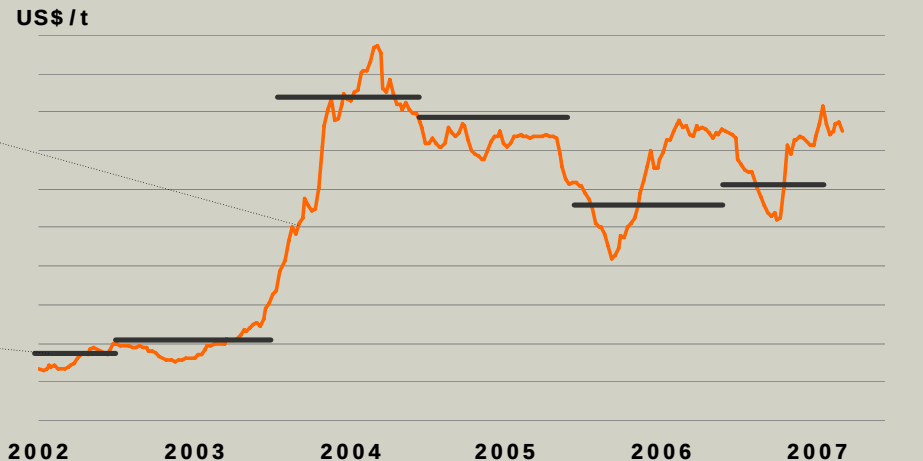
- Floating Price Measures against our zero risk position
- Daily Profit & Loss
- Common measurement across commodities

Floating Price

**We have
adopted a
floating price
model**

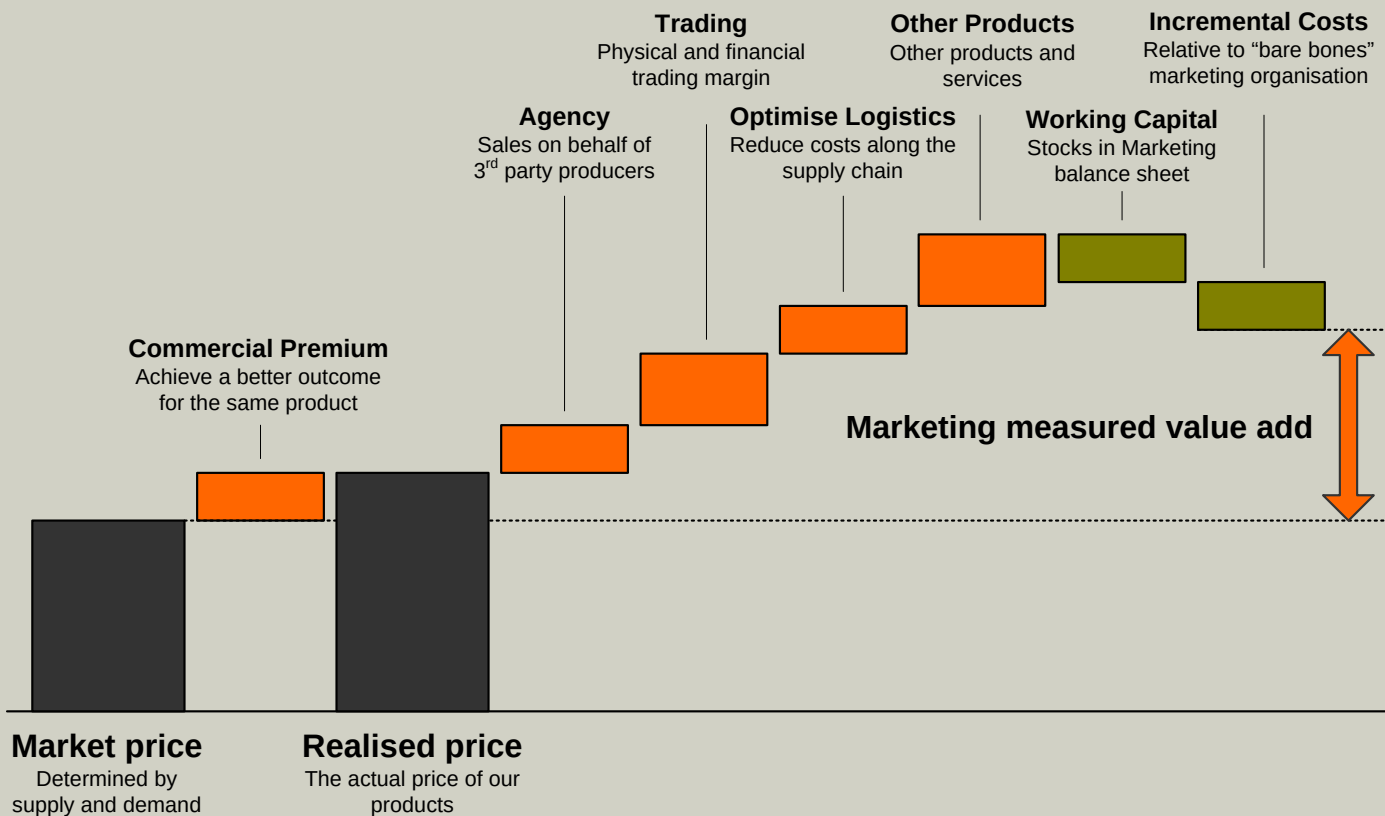
The spot price is
determined by
supply and demand
in the market

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

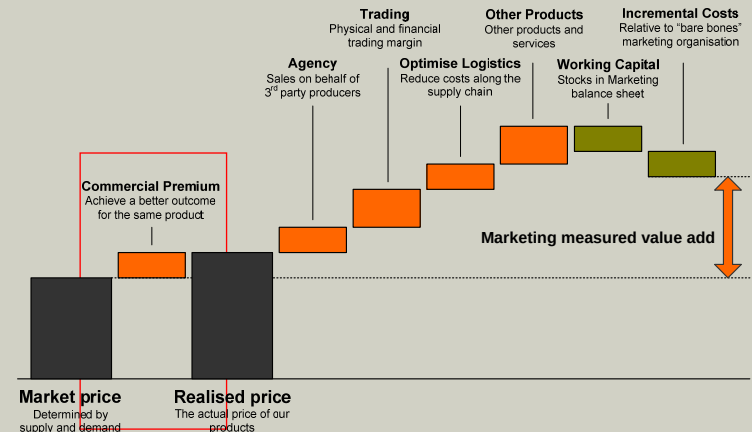


Value generation

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



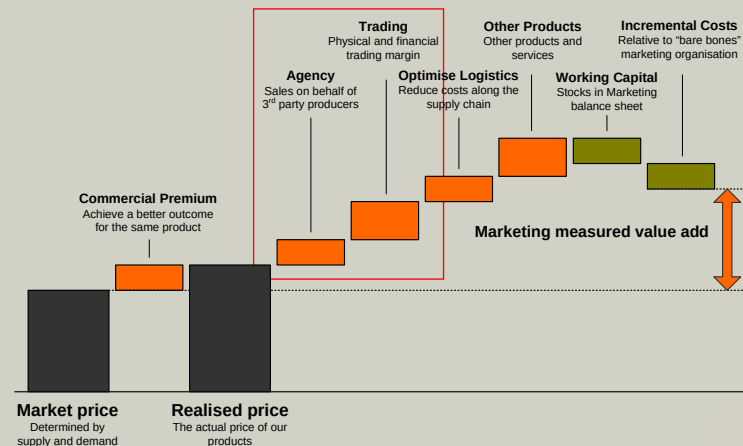
Value generation

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



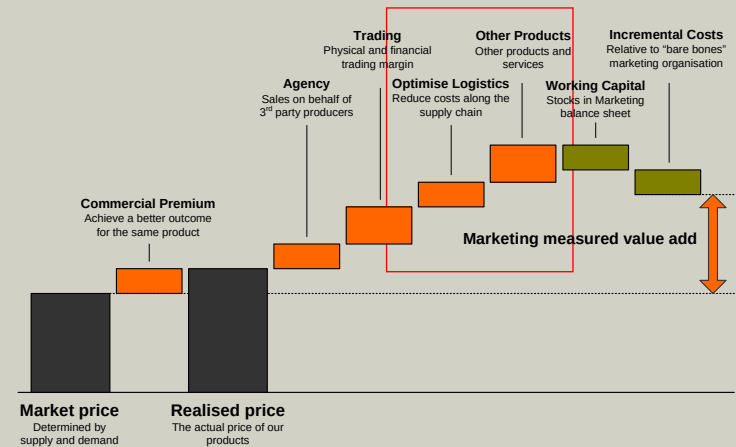
Value generation

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:

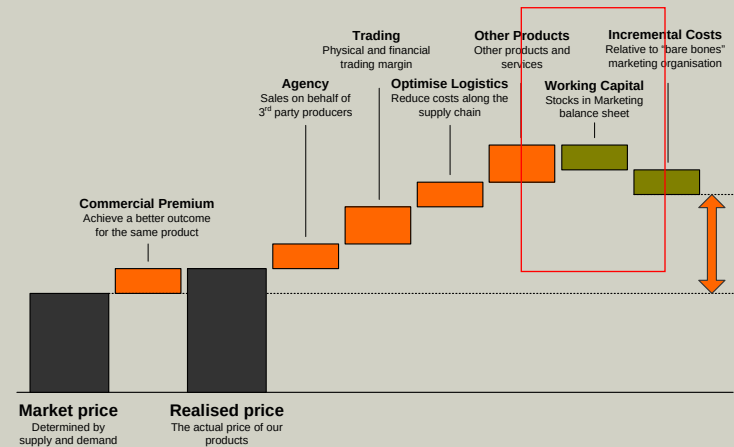
- Chinese screening facility to increase throughput;
- Freight route optimisation;
- Demurrage optimisation (CIF vs. FOB);
- Sourcing; and
- Technical Marketing.



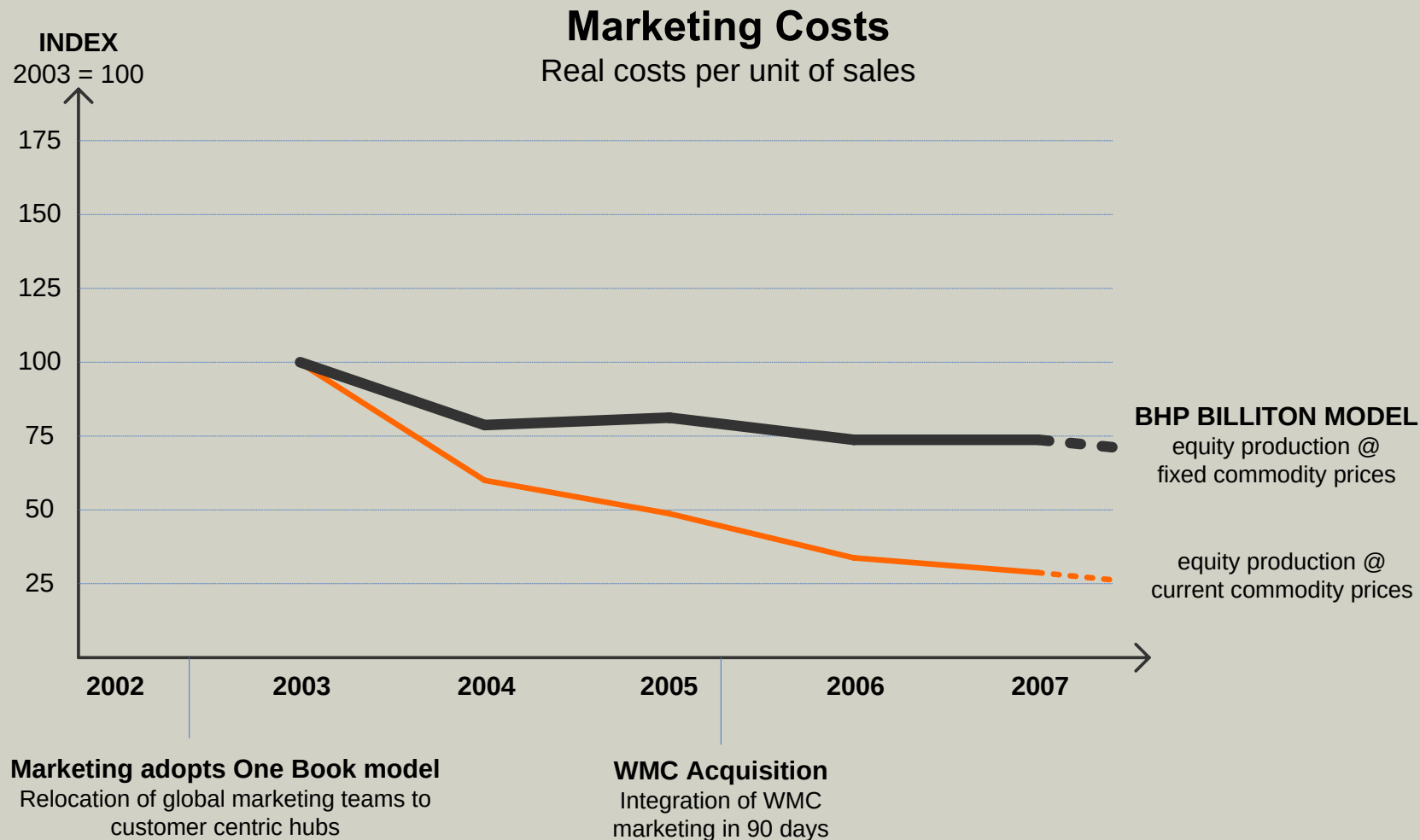
Value generation

Centralised Risk Management Model

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

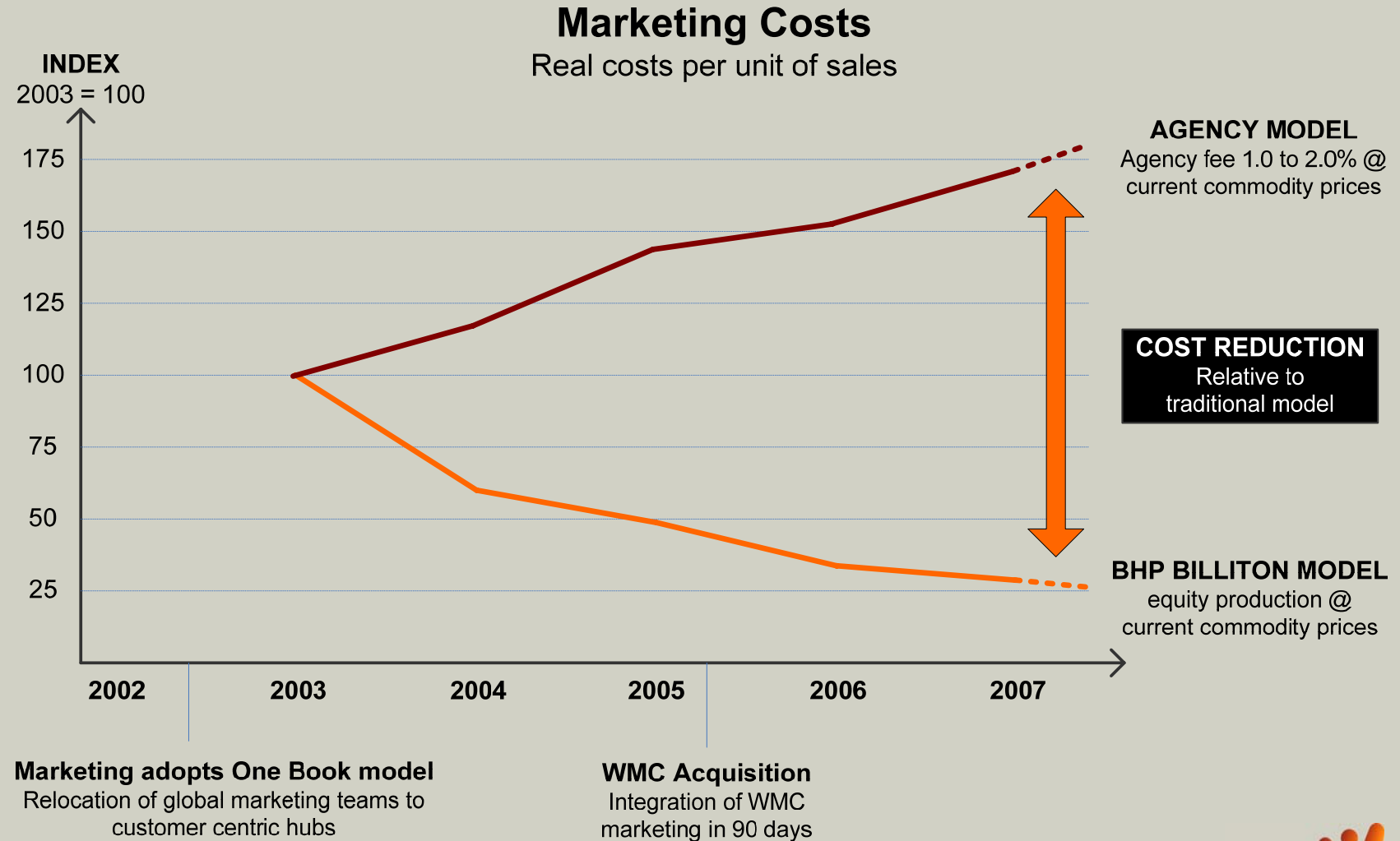


Scalability leads to lower costs



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...



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

Marketing Briefing

Slide 27 2 October 2007

A large crane is silhouetted against a vibrant orange and yellow sunset sky. The crane's lattice structure is clearly visible as it extends diagonally across the frame. In the background, dark silhouettes of mountains and another smaller crane can be seen.

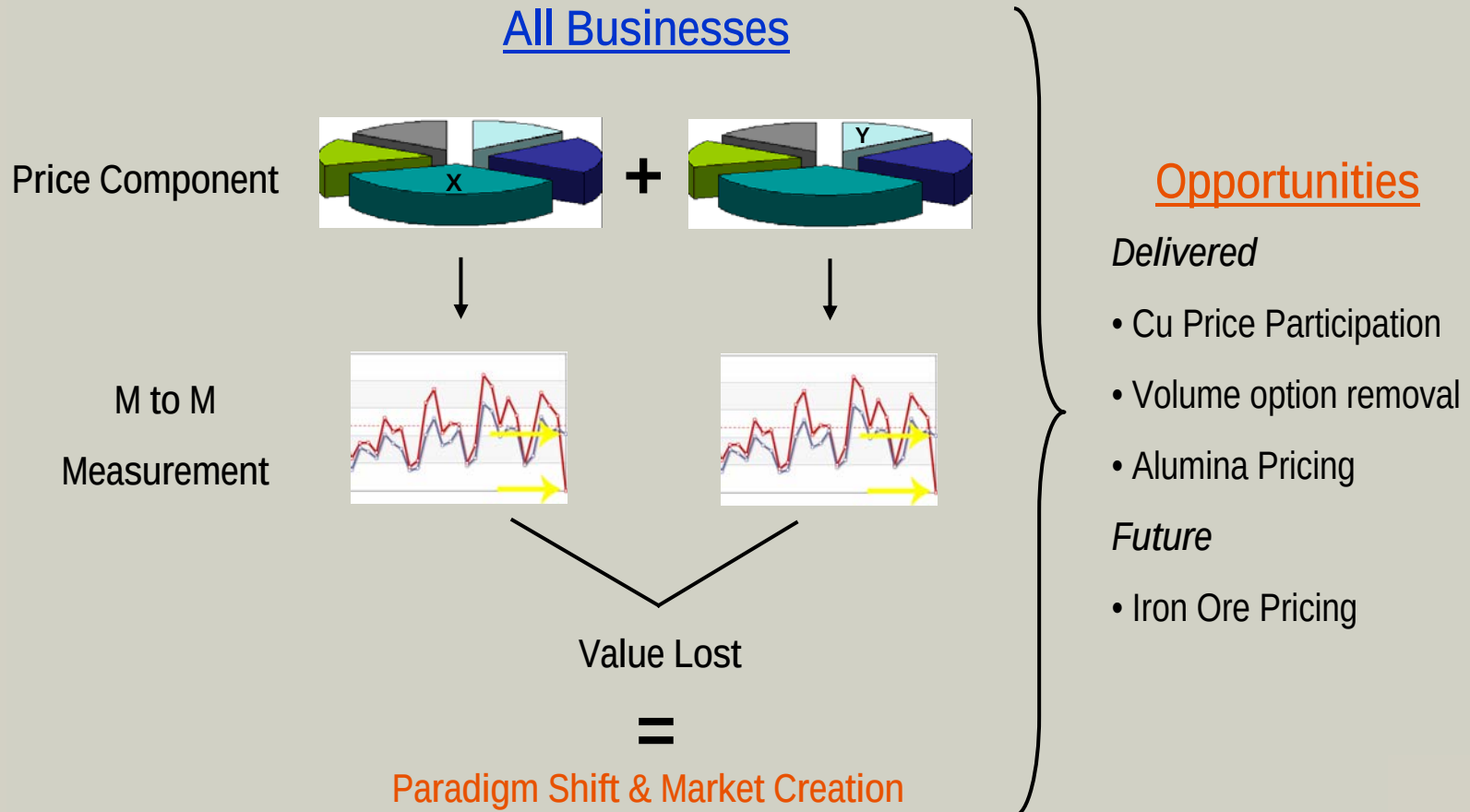
Concluding Comments

Tom Schutte President Marketing



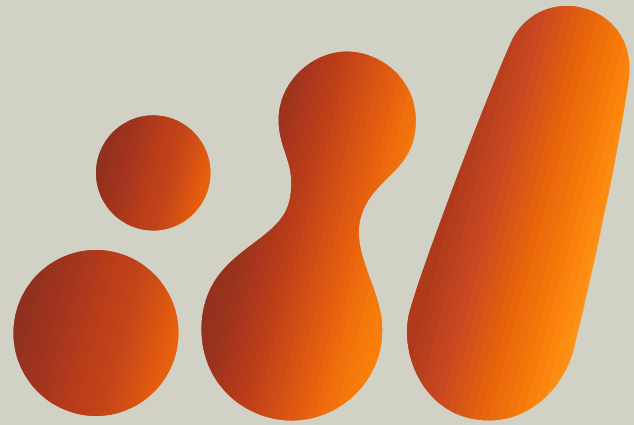
Significant value add exists

Opportunity Identification & Delivery



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





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