

Comparison of BHP Billiton's Corporate Governance Practices with NYSE Corporate Governance Requirements

The New York Stock Exchange ("NYSE") Listing Rules, Section 303A, recently instituted a broad regime of new corporate governance requirements for NYSE-listed companies. Under the NYSE Listing Rules foreign private issuers, such as BHP Billiton Limited, and BHP Billiton Plc are permitted to follow home country practice in lieu of the requirements of Section 303A, except for the Listing Rule relating to compliance with Rule 10A-3 of the Securities Exchange Act of 1934 ("Exchange Act") and certain notification provisions contained in Section 303A of the Listing Rules. Section 303A.11 of the Listing Rules, however, requires us to disclose any significant ways in which our corporate governance practices differ from those followed by U.S. listed companies under these NYSE Listing Rules. We have compared our corporate governance practices to the requirements of the Section 303A of the NYSE Listing Rules that would otherwise currently apply to foreign private issuers and note the following differences:

- The NYSE rules require listed companies to have a Compensation (Remuneration) Committee composed entirely of independent directors. The Board considers that all members of the Remuneration Committee are independent, however notes that the test of independence set out in the Board's Policy on Independence differs in some respects from that prescribed by the NYSE. The NYSE rules permit the Group as a foreign private issuer to follow home practice rules, both in considering the independence of Directors and in the composition of its Remuneration Committee.
- Our Nomination Committee Terms of Reference (charter) do not include the purpose of developing and recommending to the Board a set of corporate governance principles applicable to the corporation. We believe that this task is integral to the governance of the Group and is therefore best dealt with by the Board as a whole.
- Rule 10A-3 of the Securities Exchange Act of 1934 requires NYSE-listed companies to ensure that their audit committees are directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor unless the company's governing law or documents or other home country legal requirements require or permit shareholders to ultimately vote on or approve these matters. While BHP Billiton's Risk and Audit Committee ("RAC") is directly responsible for remuneration and oversight of the External Auditor, the ultimate responsibility for appointment and retention of the External Auditor rests with our shareholders, in accordance with UK law and our constitutional documents. The RAC does, however, make recommendations to the Board on these matters, which are in turn reported to shareholders.