

NEWS RELEASE

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CHANGES TO BHP BILLITON'S NICKEL BUSINESS

BHP Billiton today announced that it will immediately commence the safe ramp down and indefinite suspension of the Ravensthorpe Nickel Operation (Australia).

As a consequence, Yabulu (Australia) will cease processing mixed nickel cobalt hydroxide product from Ravensthorpe and will revert to processing ore only. The Group plans to complete a future options study for Yabulu during the first half of calendar year 2009.

The decisions announced today are largely the result of the diminished prospects for profitability of Ravensthorpe and Yabulu in the current environment, significant and continuing deterioration in the outlook for the nickel market, and the projected level of capital expenditure required in order to achieve and sustain projected production volumes at Ravensthorpe. As a result, the total workforce at these operations and associated Perth-based functional areas will be reduced by approximately 800 employees and 1,000 contractors by June 2009.

In addition, the rate of mining at the Mount Keith (Australia) operation will be reduced in order to preserve its economic viability. The overall rate of concentrate production at Mount Keith will remain largely unchanged. Improved processing technology will enable the operation to source and process more ore from existing stockpiles. The Mount Keith workforce will be reduced by approximately 100 employees and 200 contractors by end February 2009.

All affected employees will be supported through the implementation of these changes and BHP Billiton will work with suppliers, customers and the local communities to minimise the impact of these decisions.

Stainless Steel Materials President, Jimmy Wilson, said:

"We fully understand the impact that today's announcement has on our employees, contractors and their families. These decisions are never easy but are the consequence of our long held practice of continually reviewing all of our operations to ensure that they are competitive. We will continue our usual practice of maximising internal re-deployment opportunities and, where these are not possible, will provide full entitlements and support services to employees and their families, including outplacement services.

"We also recognise that the local communities will have concerns about how this will impact them. We will honour any agreements we have made and continue to keep the communities updated throughout this process."

These decisions also require a downward revision to the carrying values of the Ravensthorpe and Yabulu operations. Accordingly, an additional pre-tax impairment charge of approximately US\$1.2 billion will be reflected in the Group's results for the half year ended 31 December 2008. It is also likely that an estimated pre-tax charge of approximately US\$400 million will be recognised in the second half of the 2009 financial year. These two charges will be recognised as exceptional items.

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