

Remuneration report

Introduction

This report forms part of the Directors' report and covers the following information:

- a description of the Remuneration committee and its duties;
- a description of the policy on directors', executives' and company secretaries' remuneration;
- a summary of the terms of executives' service contracts and non executive directors' letters of appointment;
- details of each executive's remuneration and awards under long term incentive plans and the link to corporate performance;
- details of executives' interests in Rio Tinto shares; and
- graphs illustrating Group performance, including relative to the HSBC Global Mining Companies' Index.

Remuneration committee

The following independent, non executive directors were members of the committee during 2007:

- Sir Richard Sykes (chairman)
- Sir David Clementi
- Michael Fitzpatrick
- Richard Goodmanson
- Andrew Gould
- Paul Tellier (effective 25 October 2007)

The committee met five times during 2007 and members' attendance is set out on page 120. The committee's responsibilities are set out in its terms of reference which have been approved by the board and may be viewed on Rio Tinto's website. They include:

- recommending executive remuneration policy to the board;
- reviewing and determining the remuneration packages of the executive directors, product group chief executives, and the company secretary of Rio Tinto plc;
- reviewing and agreeing the remuneration strategy and conditions of employment for managers other than the executives;
- monitoring the effectiveness and appropriateness of general executive remuneration policy and practice; and
- reviewing the chairman's fees.

The global head of Human Resources, Hugo Bague, and global practice leader Remuneration, Jeffery Kortum, attend committee meetings in an advisory capacity. As of December 2007, Jane Craighead, global practice leader Total Rewards, also attended the meetings in an advisory capacity. The chairman, Paul Skinner, the former chief executive, Leigh Clifford and the current chief executive, Tom Albanese, participated in meetings at the invitation of the committee during 2007, but were not present when issues relating to their own remuneration were discussed. Ben Mathews, the company secretary of Rio Tinto plc, acts as secretary to the committee, but was not present when issues relating to his remuneration were discussed.

Kepler Associates, an independent remuneration consultancy, provided advice on executive remuneration matters to the committee until November 2007. Apart from providing specialist remuneration advice, Kepler Associates has no links to the Group.

To carry out its duties in accordance with its terms of reference, the committee monitors global remuneration trends and developments and draws on a range of external sources of data, in addition to that supplied by Kepler Associates, including publications by remuneration consultants Towers Perrin, Hay Group, Mercer and Watson Wyatt.

Corporate governance

The committee reviewed its terms of reference in 2007 and concluded that, in the course of its business, it had covered the main duties set out in the Combined Code on Corporate Governance, published by the UK Financial Reporting Council (the Code), and Principle 9 of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations (the ASX Principles), and was constituted in accordance with the requirements of the Code and the ASX Principles.

The board considered the performance of the committee and confirmed that the committee had satisfactorily performed the duties set out in its terms of reference.

The 2006 Remuneration report was approved by shareholders at the 2007 annual general meetings.

Executive remuneration

Rio Tinto is subject to a number of different reporting requirements for the contents of the Remuneration report. The Australian Corporations Act and International accounting standards (AASB 124 and IAS 24 respectively) both require additional disclosures for "key management personnel". The Australian Corporations Act also requires certain disclosures in respect of the five highest paid executives below board level. The board has considered the definition of "key management personnel" and has decided that, in addition to the executive and non executive directors, they comprise the product group chief executives and the Group executive Business Resources. In 2007, the five highest paid executives below board level in respect of whom disclosures are required were all product group chief executives and the Group executive Business Resources. Throughout this report, the executive directors, product group chief executives and Group executive Business Resources will collectively be referred to as the "executives".

Board policy

Rio Tinto operates in global, as well as local markets, where it competes for a limited resource of talented executives. It recognises that to achieve its business objectives, the Group needs high quality, committed people.

Rio Tinto has therefore designed an executive remuneration policy to support its business goals by enabling it to attract, retain and appropriately reward executives of the calibre necessary to deliver very high levels of performance. This policy is regularly reviewed to take account of changing market, industry and economic circumstances, as well as developing Group requirements.

The main principles of the Group's executive remuneration policy are:

- to provide total remuneration which is competitive in structure and quantum with comparator companies' practices in the regions and markets within which the Group operates;
- to achieve clear alignment between total remuneration and delivered business and personal performance, with particular emphasis on both short term business performance and long term shareholder value creation and performance relating to health, safety and the environment;
- to link variable elements of remuneration to the achievement of challenging performance criteria that are consistent with the best interests of the Group and shareholders over the short, medium and long term;
- to provide an appropriate balance of fixed and variable remuneration; and
- to provide internal equity between executives within Rio Tinto and to facilitate the movement of executives within Rio Tinto to meet the needs of the Group.

The composition of total remuneration packages is designed to provide an appropriate balance between fixed and variable components. This is in line with Rio Tinto's stated objective of aligning total remuneration with personal and business performance. Details of the executives' remuneration are set out in Table 1 on pages 112 to 113. The Group's return to shareholders over the last five years is set out in the table on page 108.

Remuneration components

Base salary

Base salaries are reviewed annually and adjusted as necessary, taking into account the nature of the individual executive's role, external market trends and business and personal performance. The committee uses a range of international companies of a similar size, global reach and complexity to make this comparison.

Executive remuneration is explicitly related to business performance through the following long and short term arrangements:

Short term incentive plan (STIP)

STIP is a cash bonus plan, designed to support overall remuneration policy by:

- focusing participants on achieving calendar year performance goals which contribute to sustainable shareholder value; and
- providing significant bonus differential based on performance against challenging personal, business, and other targets, including safety.

The committee reviews and approves individual performance against relevant targets and objectives annually. Executive directors' and the Group executive Business Resources STIP payments are linked to three performance criteria: Group financial performance, Group safety performance, personal performance and, in the case of Dick Evans, who is also a product group executive, product group financial and safety performance. Product group chief executives' STIP payments are linked to Group and product group financial performance, product group safety performance and personal performance. Group and product group financial performance is partly measured on an actual underlying net earnings basis and partly on a basis normalised for fluctuations in market prices and exchange rates.

The target level of cash bonus for executives for 2008 is 60 per cent of salary, the same as 2007. Executives may receive up to twice their target (ie, up to 120 per cent of salary) for exceptional performance against all criteria.

Details relating to STIP awards for 2007 are on pages 108 and 109.

Long term incentives

Shareholders approved two long term incentive plans at the annual general meetings in 2004, the Share Option Plan and the Mining Companies Comparative Plan.

These plans are intended to provide the committee with a means of linking management's rewards to Group performance. Total shareholder return (TSR) was, at the time of the introduction, considered the most appropriate measure of a company's performance for the purpose of share based long term incentives and a TSR performance measure was therefore applied to both plans.

In 2007 the committee introduced a restricted share plan for senior employees below director level ("MSP 2007").

The long term incentives are not pensionable. As foreshadowed in the 2006 Remuneration report, the committee reviewed the long term incentive structure and performance criteria during 2007 and 2008. Proposals for changes to the long term incentive structure will be submitted to Shareholders in 2009.

The existing plans are:

Share Option Plan (SOP)

Each year, the committee considers whether a grant of options should be made under the SOP and, if so, at what level. In arriving at a decision, the committee takes into consideration the personal performance of each executive as well as local remuneration practice. The maximum face value grant under the SOP is three times the base salary of the executive based on the average share price over the previous financial year. Under the SOP, options are granted to purchase shares at a weighted average closing share price over five days preceding the grant. No options are granted at a discount and no amount is paid or payable by the recipient upon grant of the options. Grants made to executives are set out in Table 5 on page 117.

No options will become exercisable unless the Group has met stretching performance conditions. In addition, before approving any vesting and regardless of performance against the respective performance conditions, the committee retains discretion to satisfy itself that the TSR performance is a genuine reflection of underlying financial performance.

Under the SOP, vesting is subject to Rio Tinto's TSR equalling or outperforming the HSBC Global Mining Index over a three-year performance period. The HSBC Global Mining Index covers the mining industry globally. Rio Tinto's TSR is calculated as a weighted average of the TSR of Rio Tinto plc and Rio Tinto Limited. If TSR performance equals the index, the higher of one third of the actual grant or 20,000 options may vest. The full grant may vest if the TSR performance is equal to or greater than the HSBC Global Mining Index plus five per cent per annum. Between these points, options may vest on a sliding scale, with no options becoming exercisable for a three year TSR performance below the index.

Options granted under the 2004 SOP before 31 December 2006 are subject to a single fixed base re-test five years after grant if they do not vest after the initial three year performance period. Options granted after 31 December 2006 are not subject to any re-test and will lapse if they do not vest at the conclusion of the initial three year performance period.

Prior to any options vesting (subject to the committee's discretion described above), the Group's TSR performance against the criteria relevant to the SOP is calculated independently by Watson Wyatt.

If Rio Tinto were subject to a change of control or a company restructuring, options would vest subject to the satisfaction of the performance condition measured at the time of the change of control or restructuring. However, the committee may at its discretion, and with the agreement of participants, determine that options will be replaced by equivalent new options over shares of the acquiring company.

Where an option holder dies in service, subsisting option grants vest immediately, regardless of whether the performance conditions have been satisfied. The estate will have 12 months in which to exercise the options.

All option grants made prior to 2004 under the rules approved by shareholders in 1998 have now vested in full. The SOP grant made in 2004 was tested against the performance condition in 2007. The performance condition was not achieved and these options, therefore, did not vest at that time. The 2004 SOP grant will, in accordance with the SOP Rules, be retested in 2009.

The option grant made in 2005 was tested against the performance condition in 2008. The performance condition was achieved and these options will vest in full.

Options may, upon exercise, be satisfied by treasury shares, the issue of new shares or the purchase of shares in the market. Currently it is Rio Tinto plc's intention to satisfy exercises by transferring shares from treasury and Rio Tinto Limited's intention to satisfy exercises by way of the transfer of existing shares.

Mining Companies Comparative Plan (MCCP)

Rio Tinto's performance share plan, the MCCP, provides participants with a conditional right to receive shares. The maximum face value conditional award under the MCCP is two times the base salary of individual participants, calculated using the average share price over the previous financial year. Awards made to executives are set out in Table 4 on page 116.

The conditional awards will only vest if the performance condition set by the committee is satisfied. In addition the committee retains discretion to satisfy itself that performance is a genuine reflection of underlying financial performance.

In the event of a change of control or a company restructuring, the awards would only vest subject to the satisfaction of the performance condition measured at the time of the change of control or restructuring. Additionally, if a performance period is deemed to end during the first 12 months after the conditional award is made, that award will be reduced pro-rata.

The performance condition compares Rio Tinto's TSR with the TSR of a comparator group of other international mining companies over the same four year period. The composition of this comparator group is reviewed regularly by the committee to ensure that it continues to be relevant in a consolidating sector. Due to consolidation in the sector, the comparator group for the 2004

conditional award has necessarily been reduced to ten companies (including Rio Tinto). The committee has determined that the revised comparator group remained adequate for purposes of measuring relative performance and constitutes the best basis of comparison for the Group. The members of this new group relevant to the 2004 conditional awards listed at the bottom of the following ranking table. The members of the comparator group for each conditional award is determined by the committee prior to making the conditional award.

The following table shows the percentage of each conditional award made in 2004 which will be received by those participants who were in executive director and product group chief executive roles at the date of grant. The vesting is based on Rio Tinto's four year TSR performance relative to the remaining ten company comparator group for conditional awards made in 2004:

Ranking in the remaining ten company comparator group

	1st	2nd	3rd	4th	5th	6th-10th
Percentage vesting	150	121.3	92.5	63.8	35	0

The historical ranking of Rio Tinto in relation to the relevant comparator group is shown in the following table:

Ranking of Rio Tinto versus comparator companies

Period	Ranking	Period	Ranking
1993 – 97	4 out of 16	1999 – 03	7 out of 16
1994 – 98	4 out of 16	2000 – 04	11 out of 16
1995 – 99	2 out of 16	2001 – 05	10 out of 16
1996 – 00	2 out of 16	2002 – 06	10 out of 16
1997 – 01	2 out of 16	2003 – 07	5 out of 10
1998 – 02	3 out of 16		

Note
The revised comparator companies for the 2004 conditional award are: Alcoa, Anglo American, Barrick Gold, BHP Billiton, Freeport-McMoRan Copper & Gold, Grupo Mexico, Newmont, Rio Tinto, Teck Cominco and Xstrata. Of the original comparator group WMC Resources, Placer Dome, Falconbridge, Inco, Phelps Dodge and Alcan have all been subject to take-over during the performance period.

Comparator companies for the 2007 conditional award at time of grant were: Alcan, Alcoa, Anglo American, Barrick Gold, BHP Billiton, Cameco Corporation, Cia Vale do Rio Doce (now Vale), Freeport-McMoRan Copper & Gold, Grupo Mexico, Impala, Newmont, Peabody, Potash Corp, Teck Cominco and Xstrata

Prior to the vesting of conditional awards, the Group's TSR performance against the performance condition contained in the MCCP is calculated independently by Watson Wyatt.

Awards are released to participants as either Rio Tinto plc or Rio Tinto Limited shares or as an equivalent amount in cash. In addition, for conditional awards made after 1 January 2004, a cash payment equivalent to the dividends that would have accrued on the vested number of shares over the four year period is made to those participants who were in executive director and product group chief executive roles at the date of grant.

Awards may, upon vesting, be satisfied by treasury shares, the issue of new shares or the purchase of shares in the market. Currently it is Rio Tinto plc's intention to satisfy exercises by transferring shares from treasury and Rio Tinto Limited's intention to satisfy exercises by way of the transfer of existing shares.

Management Share Plan 2007 (MSP 2007)

This plan is designed to support the Group's ability to attract and retain key staff in an increasingly tight and competitive labour market. Under the MSP 2007, certain senior management may receive a conditional award of shares which is subject to a time-based vesting condition. Shares to satisfy the awards will be purchased in the market. Directors are not eligible to participate and

no new shares will be issued to satisfy awards under this plan.

Proposed changes to incentive arrangements – 2009

As foreshadowed in the 2006 Remuneration report, the committee during 2007 and 2008 reviewed the incentive arrangements for executives and other senior management. This review focussed on evaluation of the existing incentive arrangements in the context of Rio Tinto's overall remuneration strategy. As a consequence the committee may propose changes to incentive arrangements for approval by shareholders in 2009.

Post employment benefits

United Kingdom

Guy Elliott and Tom Albanese participate in the non contributory Rio Tinto Pension Fund, a funded occupational pension scheme approved by HM Revenue & Customs. The Fund provides both defined benefit and defined contribution benefits. In April 2005, the defined benefit section of the Fund was closed to new participants.

Members of the defined benefit section of the Fund who retire early may draw a pension reduced by approximately four per cent a year for each year of early payment. Executives can take their pension benefits unreduced for early payment from the age of 60. Spouse and dependants' pensions are also provided. Pensions paid from this section are guaranteed to increase annually in line with increases in the UK Retail Price Index subject to a maximum of ten per cent per annum. Increases above this level are discretionary.

During 2007, there was no requirement for company cash contributions to be paid into the Rio Tinto Pension Fund, although cash contributions are required if the Company wishes to enhance the benefits for any individual member.

Rio Tinto reviewed its pension policy in light of the legislative changes introduced from April 2006. The Rio Tinto Pension Fund was amended to incorporate a fund specific limit equivalent to the earnings cap for all members previously affected; unfunded benefits continue to be provided, where already promised, on pensionable salary above the fund specific limit.

Guy Elliott is accruing a pension of 2.3 per cent of basic salary for each year of service with the Company to age 60. Proportionally lower benefits are payable on leaving service or retirement prior to the age of 60. The unfunded arrangements described above will be utilised to deliver this promise to the extent not provided by the Fund.

Tom Albanese is accruing a pension payable from normal retirement age of 60 of two thirds of basic salary, subject to completion of 20 years' service with the Group, inclusive of benefits accrued under the US pension arrangements. Proportionally lower benefits are payable for shorter service or, if having attained 20 years' service, retirement is taken prior to the age of 60. His benefits under the Rio Tinto Pension Fund are restricted to the fund specific limit, with the balance provided through unfunded arrangements.

Dick Evans has been offered membership of the Rio Tinto International Pension Fund, a funded occupational pension scheme based in the UK established in accordance with the requirements of Section 615 of the Income Corporation and Taxes Act 1988. His membership will be effective from 25 October 2007. The fund provides both defined benefit and defined contribution benefits. Dick Evans will be a defined contribution member. The Company's contribution will be 20 per cent of basic salary.

Australia

Until his retirement on 30 September 2007 Leigh Clifford participated in the Rio Tinto Staff Superannuation Fund, a funded superannuation fund regulated by Australian legislation. The fund provides both defined benefit and defined contribution benefits. Leigh Clifford was a defined benefit member, accruing lump sums payable on retirement. Retirement benefits are limited to a lump sum multiple of up to seven times final basic salary at age 62. Proportionally lower benefits are payable on leaving service or retirement prior to the age of 62.

Executives are not required to pay contributions. During 2007, Company cash contributions were paid into the Rio Tinto Staff Superannuation Fund to fund members' defined benefit and defined contribution benefits.

Other pensionable benefits

For Australian participants annual STIP awards are superannuable up to a maximum value of 20 per cent of basic salary. This results in a defined contribution payment equivalent to 20 per cent of the superannuable component of STIP and does not impact the defined benefit component. For the UK executive directors basic pay only is pensionable.

Details of directors' pension and superannuation entitlements are set out in Table 2 on page 114.

Performance and non performance related remuneration

Total remuneration is a combination of fixed and performance related elements, each of which is described in this report. In addition, some executives have specific arrangements for remuneration outside these core elements and which are detailed in the service contracts table on page 107. The total remuneration for executives shown in Table 1 includes these non performance related items, which are specific to the circumstances of each executive.

The performance related, or variable, elements are the short and long term incentive plans, which are linked to achievement of business and personal performance goals and are, therefore, "at risk". The rest of the elements of the package are "fixed", as they are not at risk, although some, such as base salary, are also related to performance.

Excluding post employment costs and expatriate secondment costs, employment costs and other benefits, the proportion of total direct remuneration provided by way of variable components, assuming target levels of performance, is approximately 68 per cent for the chief executive, 62 per cent for the finance director, and between 62 per cent and 68 per cent for the product group chief executives and the Group executive Business Resources. Variable components comprise the Short Term Incentive Plan, the Share Option Plan and the Mining Companies Comparative Plan (STIP, SOP and MCCP respectively).

The actual proportion of total direct remuneration provided by way of variable components is set out in the table below and may differ from these target percentages depending on company and personal performance. Fixed pay is represented by base salary, non monetary and other cash benefits, post employment benefits, other than long term benefits, termination benefits and voluntary share based awards. Variable pay is made up of the cash bonus and the values of the share based awards related to company performance.

Table showing remuneration mix

Executive	Fixed as % of 2007 total	At-risk as % of 2007 total	Options as % of total
Tom Albanese	31.8	68.2	6.0
Leigh Clifford	72.9	27.1	12.2
Guy Elliott	19.6	80.4	6.7
Dick Evans	100	–	–
Preston Chiaro	19.2	80.8	7.5
Bret Clayton	42.9	57.1	4.9
Oscar Groeneveld	24.0	76.0	6.0
Keith Johnson	21.0	79.0	7.1
Andrew Mackenzie	25.8	74.2	7.8
Sam Walsh	19.3	80.7	6.4

Dick Evans did not receive vested incentives in 2007.

Share based remuneration not dependent on performance

Executives may participate in share and share option plans that are available to all employees at particular locations and for which neither grant nor vesting is subject to the satisfaction of a performance condition. These plans are consistent with standard remuneration practice whereby employees are offered participation in such plans as part of their employment to encourage alignment with the long term performance of the Company.

Executives employed in the Rio Tinto plc part of the Group may participate in the Rio Tinto plc Share Savings Plan, a savings-related share option plan which is open to employees in the UK and elsewhere. Under the plan, participants can save up to £250 per month, or equivalent in local currency, for a maximum of five years. At the end of the savings period participants may exercise an option over shares granted at a discount of up to 20 per cent to the market value at the time of grant. The number of options to which participants are entitled is determined by the option price, the savings amount and the length of the savings contract. No consideration is paid or payable by the participant on receipt of the options. The UK section of this plan is approved by HM Revenue & Customs (HMRC). Grants made to executives are set out in Table 5 on page 117.

Eligible UK employees, including some of the executives, may also participate in the Rio Tinto Share Ownership Plan, an HMRC approved share incentive plan which was introduced in 2002. Under this plan, participating employees can save up to £125 per month, which the plan administrator invests in Rio Tinto plc shares. The Company matches these purchases on a one-for-one basis. In addition, eligible employees may receive an annual award of shares up to a maximum of five per cent of salary, subject to a cap of £3,000. The Rio Tinto Shared Ownership Plan includes restrictions on transfer of shares while the shares are subject to the plan.

Executives employed in the Rio Tinto Limited part of the Group may elect to participate in the Rio Tinto Limited Share Savings Plan, introduced in 2001, which is similar to the Rio Tinto plc Share Savings Plan. Grants made to executives are set out in Table 5 on page 117.

Executives, other than executive directors, may be eligible to participate in the MSP 2007 as described on page 105. No grants were made to executives during 2007.

Where, under an employee share plan operated by the Company, participants are the beneficial owners of the shares, but not the registered owner, the voting rights are normally exercised by the registered owner at the direction of the participant.

Service contracts

The following table details the key aspects of each executive's service contract.

Service contract table

	T Albanese	G Elliott	R Evans	L Clifford	B Clayton	P Chiaro	A Mackenzie	K Johnson	O Groeneveld	S Walsh
2007 roles held and commencement date	Group CEO (1/5/07) Director of Group Resources (7/3/06)	Finance Director (19/6/02)	ED & CEO Rio Tinto Alcan (25/10/07)	Group CEO (30/3/04) until retirement 30/9/07)	CEO Copper & Diamonds (15/11/07) CEO Copper (1/6/06)	CEO Energy & Industrial Minerals (15/11/07) CEO Energy (1/9/03)	Commenced notice period (15/11/07) CEO Industrial Minerals (1/8/04)	Group Executive Business Resources (1/6/07) CEO Diamonds (1/3/04)	Chief Adviser (25/10/07) CEO Aluminium (1/10/04)	CEO Iron Ore (1/11/04)
Contract date	1/5/07 (Contract disclosed 8/5/07)	19/6/02	25/10/07	30/3/04	1/6/06	30/9/03	4/5/04	12/3/04	1/10/04	3/8/04
Years of service completed	26	27	0	Retired	13	16	3	16	33	16
Standard contract conditions	Pension or superannuation fund participation. Salary subject to annual review. May participate in Rio Tinto Long Term Incentive Plans (LTIP). Participates in employee car scheme in accordance with policy applicable in country of assignment. Participates in medical benefits programs applicable to employees generally in country of origin. Where applicable, receive expatriate secondment packages which may include a housing benefit, repatriation and tax equalization.									
Term	It is the Group's policy that executives' service contracts generally have no fixed term, except for the contract for Dick Evans which has a two year term, but are capable of termination giving no less than the notice set out below.									
Notice	12 months	12 months	12 months	N/A	12 months	12 months	12 months	12 months	12 months	12 months
Resignation	Outstanding Long Term Incentive awards under the SOP and MCCP are forfeited as is any pro-rata STIP.									
Retirement	Pro rata STIP paid based on portion of performance period worked. LTIPs subject to performance test at completion of normal performance period and options or performance shares may vest at that time to the extent provided by the performance condition. Options or performance shares held for less than 12 months at date of termination are reduced pro rata.									
Termination by company – general including redundancy	Rio Tinto has retained the right to pay executives in lieu of notice. Given the wide variety of circumstances leading to early termination, the executive's service contracts do not provide explicitly for compensation but, in the event of early termination, including redundancy, it is the Group's policy to act fairly in all circumstances. Pre-existing entitlements may apply under redundancy policies generally applicable to employees in particular regions. Notice may be worked or fully or partly paid in lieu, at Company discretion, and additional capped service-related payments may apply. Compensation would not provide reward for poor performance. In the event of termination except for cause, the plans provide that STIP would be paid based on the portion of the performance period worked. LTIPs would be subject to a performance test at completion of the normal performance period. Options and performance shares may vest at that time to the extent provided by the performance condition. Options or performance shares that have been held for less than 12 months at the date of termination would be reduced pro-rata.									
Termination for cause	Employment may be terminated by the Company without notice and without payment of any salary or compensation in lieu of notice. Outstanding awards under the SOP and MCCP are forfeited as is any pro rata STIP.									
Change of control	Contractual entitlements to severance are not triggered by a change of control. LTIP rules approved by shareholders in 2004 provide the following in the event of a change of control: SOP: All outstanding performance periods end on the date of change of control and options may vest to the extent that the performance condition has been satisfied at that date. MCCP: All outstanding performance periods end on the date of change of control and performance shares may vest to the extent that the performance condition has been satisfied at that date. If a performance period ends within 12 months of grant, and vested awards will be reduced pro rata.									

Shareholding policy

In 2002, the committee decided that it would be appropriate to encourage executives to build up a shareholding, aiming to reach a holding equal in value to two times base salary over five years.

Details of executives' share interests in the Group are set out in Table 3 on page 115.

Share dealing policy

Executives participate in long term incentive plans which involve the awarding of Rio Tinto securities at a future date. The board has a policy prohibiting an executive from limiting his or her exposure to risk in relation to the securities. This is contained in the 'Rules for dealing in Rio Tinto securities' which is available on the companies' website. All employees subject to the Rules receive regular training and information about this prohibition. The grants of shares and options under the plans are conditional upon compliance with the Rules.

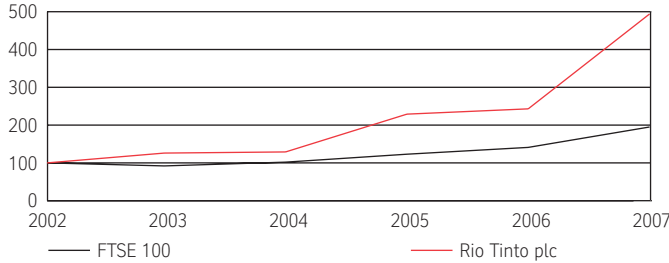
Remuneration paid in 2007

Performance of Rio Tinto and individual executives

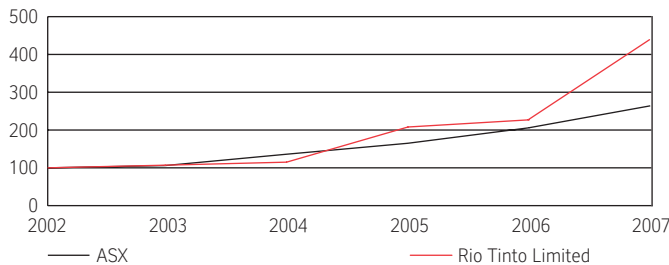
2007 was another year of strong performance for the Group.

To illustrate the performance of the Companies relative to their markets, graphs showing the performance of Rio Tinto plc in terms of TSR over the last five years, compared to the FTSE 100 Index and Rio Tinto Limited compared to the ASX All Ordinaries Index are reproduced below. A graph showing Rio Tinto's performance relative to the HSBC Global Mining Index is also included to illustrate the performance of Rio Tinto relative to other mining companies.

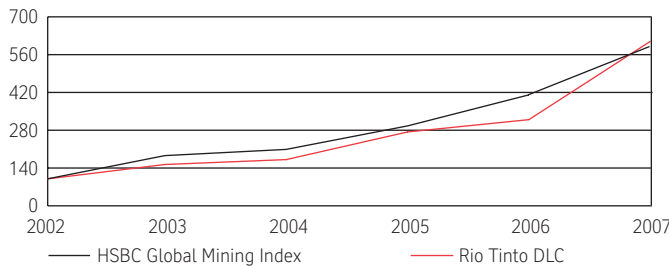
TSR (£) – Rio Tinto plc vs FTSE 100
Total return basis Index 2002 = 100



TSR (A\$) – Rio Tinto Limited vs ASX All Share
Total return basis Index 2002 = 100



TSR (US\$) – Rio Tinto Group vs HSBC Global Mining Index
Total return basis Index 2002 = 100



The effect of this performance on shareholder wealth, as measured by TSR, is detailed in the table below and the relationship between TSR and executive remuneration is discussed in the Executive remuneration and Remuneration components sections above.

Rio Tinto shareholder return 2003-2007

Year	Dividends per share paid during the year US cents per share	Share price – Rio Tinto plc £ (pence)		Share price – Rio Tinto Limited A\$		Total shareholder return (TSR) (US\$)		
		1 Jan	31 Dec	1 Jan	31 Dec	plc %	Ltd %	Group %
2007	116.0	2,718	5,317	74.30	133.95	99.5	82.9	91.8
2006	191.5	2,655	2,718	69.00	74.30	6.3	12.2	7.6
2005	83.5	1,533	2,655	39.12	69.00	77.5	81.3	78.4
2004	66.0	1,543	1,533	37.54	39.12	1.7	7.4	13.0
2003	60.5	1,240	1,543	33.95	37.54	27.9	14.7	24.8

Rio Tinto Group and product group performance during 2007, and over relevant performance periods ending at 31 December 2007, impacted executives' remuneration as follows:

Share based awards

- SOP – Rio Tinto TSR growth over the three years ending 31 December 2007 achieved the level required by the applicable performance condition to vest 100 per cent.
- MCCC – Rio Tinto ranked fifth in the ten company comparator group at the completion of the four-year performance period ending 31 December 2007, resulting in 35 per cent vesting of the conditional award made to executives who were directors or product group chief executives at the date of the conditional award. This group included Tom Albanese, Leigh Clifford, Guy Elliott, Oscar Groeneveld, Preston Chiaro, Keith Johnson, Andrew Mackenzie and Sam Walsh. The vesting shown in Table 4 on page 116, is in accordance with the performance condition applicable to the 2004 award and represents 35 per cent of the original awards for those who were in executive director or product group chief executive roles at the time of grant of the conditional award.

Annual cash bonus

Cash bonuses (STIP) in respect of the 2007 performance period, to be paid in March 2008, are set out in Table 1 on page 112 and the percentages awarded to each executive is set out in the table on page 110. These bonuses were approved by the committee on the basis of delivered performance against financial, safety and personal (including operational and strategic) targets and objectives for each executive.

Financial performance was assessed against underlying earnings targets for the Group and product groups as relevant and established by the committee at the commencement of the performance period. The potential impact of fluctuations in exchange rates and some prices are outside the control of the Group. The committee therefore compares, on an equal weighting basis, both actual results and underlying performance. This approach is designed to ensure that the annual bonus reflects financial results and addresses underlying performance excluding the impact of prices and exchange rates. The committee retains discretion to consider underlying business performance in deciding STIP awards.

The safety measures included Group or relevant product group lost time injury frequency rates (LTIFR) and overall assessment of progress against improvement targets in other safety measures, including all injury frequency rates (AIFR). These measures are chosen as they reflect the priority of safety at all Rio Tinto operations.

Personal performance targets and objectives were established for each executive at the start of the performance period. These comprise a balanced set of measures for each individual that reflect current operational performance, as well as progress on initiatives and projects designed to grow the value of each business unit and the Rio Tinto portfolio. The targets and objectives chosen enable personal performance and the benefit accruing to shareholders in the long term to be mirrored in each of the executives' "at risk" remuneration.

To achieve linkage between business/financial and personal/non financial performance and remuneration, each executive director's and the Group executive Business Resources STIP payment is calculated as a percentage of salary in accordance with the formula set out below:

Target STIP (60%)	X	Business/financial (score = 0% to 133%)		X	Personal/non financial (score = 0% to 150%)
		75% weight	25% weight		
		Group net earnings	Group safety performance		

For each product group chief executive, STIP payments are calculated as a percentage of salary in accordance with the formula set out below:

Target STIP (60%)	X	Business/financial (score = 0% to 133%)		X	Personal/non financial (score = 0% to 150%)	
		40% weight	60% weight		25% weight	75% weight
		Group financial results	Product group financial results		Product group safety	Personal targets and objectives

Strong Group financial performance for 2007 resulted in a STIP score at 106 per cent of target for this component. Financial performance for each product group varied and the *Remuneration committee* approved STIP scores ranging from 70 per cent of target to 133 per cent of target (maximum is 133 per cent) for this component.

Group safety performance resulted in the Remuneration committee approving a score of 100 per cent of target (maximum is 133 per cent) for this component. Product group safety performance varied and STIP scores ranged from 85 per cent of target to 150 per cent of target (where 150 per cent is the maximum achievable) for this component.

Consequently, total STIP awards for executives ranged from 13 per cent to 93 per cent of salary (10.8 per cent to 77.5 per cent of maximum).

Each of the results set out below therefore reflect the above, strong operational performance and portfolio initiatives to secure future value for the business across the Group:

Tom Albanese

The committee assessed personal performance as above target and the overall STIP award was 141.6 per cent of target (70.8 per cent of maximum).

Guy Elliott

The committee assessed personal performance as above target and the overall STIP award was 136.6 per cent of target (68.3 per cent of maximum).

Dick Evans

Not eligible to participate in Rio Tinto STIP for 2007.

Preston Chiaro

The committee assessed product group financial and safety performance as below target and personal performance as on target. The overall STIP award was 83.3 per cent of target (41.6 per cent of maximum).

The committee awarded a special bonus in light of substantial additional portfolio responsibilities during the last quarter of 2007. For this pro-rata bonus, product group financial performance was assessed as below target and safety and personal performance was on target. The overall pro rata STIP award was 93.1 per cent of target (46.5 per cent of pro rata maximum).

Bret Clayton

The committee assessed product group financial and personal performance as above target and safety performance as below target. The overall STIP award was 125 per cent of target (62.5 per cent of maximum).

The committee awarded a special bonus in light of substantial additional portfolio responsibilities during the last quarter of 2007. For this pro rata bonus product group financial and personal performance as above target and safety performance as below target. The overall pro rata STIP award was 123.1 per cent of target (61.5 per cent of pro rata maximum).

Leigh Clifford

Leigh Clifford retired on 30 September 2007 and is eligible to receive a pro rata bonus for the proportion of the performance period worked prior to retirement. The pro rata bonus is based on personal performance to the date of retirement and Group financial and safety performance for the year.

The committee assessed personal performance as above target and the overall STIP award was 118.4 per cent of target (59.2 per cent of maximum) for the period worked.

Oscar Groeneveld

The committee assessed product group financial performance as below target, personal performance as above target and safety performance as on target. The overall STIP award was 105 per cent of target (52.5 per cent of maximum).

Keith Johnson

The committee assessed pro rata product group financial and personal performance as above target and product group safety performance as below target. The overall STIP award was 118.3 per cent of target (59.1 per cent of maximum).

Andrew Mackenzie

The committee assessed product group financial and safety performance as well as personal performance as below target. The overall STIP award was 21.6 per cent of target (10.8 per cent of maximum).

Sam Walsh

The committee assessed product group financial performance as slightly below target and safety and personal performance as above target. The overall STIP award was 126.6 per cent of target (63.3 per cent of maximum).

Retention

Tom Albanese and Oscar Groeneveld were each awarded a conditional one-off three year retention bonus in October 2004, prior to their appointments as an executive director and product group chief executive Aluminium respectively, with a view to retaining their services. These retention bonuses of 100 per cent of salary as at 1 March 2007 were paid in October 2007. The values for Tom Albanese and Oscar Groeneveld were US\$1,232,232 and US\$1,195,766 respectively. These amounts have been expensed over the three year period on an accrual basis, adjusted for exchange rate fluctuations and reported in Table 1 under 'Other long term benefits' as US\$477,000 for Tom Albanese and US\$478,000 for Oscar Groeneveld.

Share based payment – long term incentives granted in 2007

Options over either Rio Tinto plc or Rio Tinto Limited shares, as appropriate, were granted to each executive except Dick Evans under the SOP on 13 March 2007. The committee reviewed the performance condition applicable to this grant and confirmed that vesting will be dependent on Rio Tinto's TSR relative to the HSBC Global Mining Index over a three year performance period. Details of all options outstanding under SOP are included in Table 5 on page 117.

A conditional award of performance shares in either Rio Tinto plc or Rio Tinto Limited shares was made to each executive except Dick Evans under the MCCP on 13 March 2007. The committee reviewed the performance condition applicable to the conditional award and confirmed that vesting will be dependent on Rio Tinto's TSR relative to 15 other mining companies.

The percentages of maximum bonuses made to executives in respect of 2007 and long term incentive grants vested in respect of performance periods which ended on 31 December 2007, as well as the percentages forfeited because the relevant company or individual did not meet the performance criteria required for full vesting, are as follows:

Bonuses and grants made during or in respect of 2007

	STIP Cash ¹		SOP Options ²		MCCP Shares ³	
	% of maximum vested	% of maximum forfeited	% vested	% forfeited	% vested	% forfeited
Leigh Clifford ⁴	59.2	40.8	100	–	35	65
Guy Elliott	68.3	31.7	100	–	35	65
Tom Albanese	70.8	29.2	100	–	35	65
Preston Chiaro	42.6	57.4	100	–	35	65
Bret Clayton	62.1	37.9	100	–	50	50
Oscar Groeneveld	52.5	47.5	100	–	35	65
Keith Johnson	59.1	40.9	100	–	35	65
Andrew Mackenzie	10.8	89.2	100	–	35	65
Sam Walsh	63.3	36.7	100	–	35	65

Notes

1. Paid in March 2008 in respect of 2007.
2. Vesting of the 2005 SOP options in March 2008 for performance period ending 31 December 2007.
3. Vesting of 2004 conditional award in February 2008 for performance period ending 31 December 2007.
4. Leigh Clifford's STIP, 2007 SOP option grant and 2007 MCCP conditional award were reduced proportionally to reflect the actual proportion of 2007 he was an employee of the Group.

Minimum and maximum total bonuses and grants 2008

The potential maximum and minimum total value of bonuses and the face value share and option based compensation for the 2008 financial year are set out below.

	STIP Cash ¹		SOP Options		MCCP Shares	
	Potential range of bonus payments in March 2009 in respect of 2008		(% of March 2008 salary) ^{2,3}		(% of March 2008 salary) ^{2,4}	
	Min	Max	Min	Max	Min	Max
Tom Albanese	0	£1,089,000	–	300	–	200
Dick Evans	0	US\$4,792,500	–	300	–	200
Guy Elliott	0	£810,600	–	200	–	140
Preston Chiaro	0	US\$870,000	–	300	–	200
Bret Clayton	0	US\$840,000	–	300	–	200
Oscar Groeneveld	0	A\$1,920,000	–	200	–	140
Keith Johnson	0	£504,000	–	200	–	140
Andrew Mackenzie	0	£522,000	–	200	–	140
Sam Walsh	0	A\$1,770,000	–	200	–	140

Notes

1. Based on eligibility at 1 March 2008.
2. Grant/Conditional award based on the average share price during 2007.
3. SOP options to be granted in 2008 may, subject to achievement of the performance condition, vest in 2011. The maximum value of these options at the date of vesting would be calculated by multiplying the number of vested options by the intrinsic value at that time (ie the difference between the option exercise price and the current market price of the shares).
4. MCCP performance shares to be awarded conditionally in 2008 may, subject to achievement of the performance condition, vest in 2012. The maximum value of these shares at the date of vesting would be calculated by multiplying the number of vested shares by the intrinsic value at that time (ie the current market price plus, the value of dividends "earned" on the vested shares during the performance period).

OTHER DISCLOSURES

Executives' external and other appointments

Executives may be invited to become non executive directors of other companies. It is Rio Tinto's policy that such appointments can broaden their experience and knowledge, to the benefit of the Group. This policy limits each executives' external directorships to one FTSE 100 company or equivalent and they are not allowed to

take on the chairmanship of another FTSE 100 company or equivalent.

Consequently, where there is no likelihood that such directorships will give rise to a conflict of interest, the board will normally give consent to the appointment. The executive is permitted to retain the fees earned. In the course of the year Leigh Clifford received US\$53,000 and Guy Elliott US\$47,000 in respect of their non Rio Tinto related directorships.

Executives have agreed to waive any fees receivable from subsidiary and associated companies. One executive director waived US\$12,910 during the period (2006: US\$1,390).

Company secretary remuneration

The remuneration policy described above applies to the company secretary of each of Rio Tinto plc and Rio Tinto Limited. They participate in the same performance based remuneration arrangements as the executives. The individual performance measures for the Company secretaries' annual cash bonus comprise Group and personal measures. Their personal measures reflect the key responsibilities of the company secretarial role and include ensuring compliance with regulatory requirements, oversight of good corporate governance practice and the provision of corporate secretarial services.

Chairman and non executive director remuneration

Remuneration policy

Reflecting the board's focus on long term strategic direction and corporate performance rather than short term results, remuneration for the chairman and non executive directors is structured with a fixed fee component only, details of which are set out below and in the table on page 111. The board as a whole determines non executive directors' fees, although non executive directors do not vote on any changes to their own fees. Fees reflect the responsibilities and time spent by the directors on the affairs of Rio Tinto. To reflect the commitment expected from directors, as well as market practice for similar companies, fees for committee chairmen and members were reviewed during the year. The new fees which took effect from 1 November 2007 are set out in the table below.

It is Rio Tinto's policy that the chairman should be remunerated on a competitive basis and at a level which reflects his contribution to the Group, as assessed by the board. The chairman is not present at any discussion regarding his own remuneration and he does not participate in the Group's incentive plans or pension arrangements. The fee for the chairman was reviewed during the year and the revised fee is set out in the table below.

Letters of appointment

Non executive directors have formal letters of appointment setting out their duties and responsibilities. These letters are available for inspection at Rio Tinto plc's registered office, prior to the annual general meeting and at the meeting itself. Each non executive director is appointed subject to subsequent election and periodic re-election by shareholders as detailed on page 119. There are no provisions for compensation payable on termination of any non executive director's appointment.

The chairman's letter of appointment summarises his duties as chairman of the Group and was agreed by the Remuneration committee. It stipulates that he is expected to dedicate at least three days per week on average to carry out these duties. The letter envisages that Paul Skinner will continue in the role of chairman until he reaches the age of 65 in 2009, subject to re-election as a director by shareholders, although the appointment may be terminated by either Rio Tinto or Paul Skinner giving six months' notice. Other than in this case, there is no provision for compensation payable on termination of his chairmanship or directorship.

Shareholding policy

In 2006, the board recommended that non executive directors be encouraged to build up a shareholding equal in value to one year's base fees. To help facilitate this, the Group put in place a non executive directors' share purchase plan under which non executive directors can elect to invest a proportion of their fees net of tax on a regular basis to acquire shares on-market. During the year four directors purchased shares using these arrangements. Purchases were suspended following an unsolicited approach from BHP Billiton announced on 8 November 2007.

Remuneration components

The following table sets out the annual fees payable to the chairman and the non executive directors in £/A\$, as appropriate.

	As at 31 Dec 2007	As at 31 Dec 2006
Base fees:		
Chairman	£693,000	£630,000
Other directors	£70,000/ A\$160,000	£60,000/ A\$150,000
Additional fees:		
Senior independent director	£35,000	£35,000
Audit committee chairman	£30,000	£30,000
Audit committee member	£15,000/ A\$37,500	£15,000/ A\$37,500
Remuneration committee chairman	£20,000	£20,000
Remuneration committee member	£10,000/ A\$25,000	£10,000/ A\$25,000
Nominations committee member	£7,500	–
Committee on social and environmental accountability chairman	£20,000	£20,000
Committee on social and environmental accountability member	£7,500/ A\$18,750	£7,500/ A\$18,750
Overseas meeting allowances:		
Long distance (flights over 10 hours per journey)	£4,000/ A\$10,000	£4,000/ A\$10,000
Medium distance (flights of 5-10 hours per journey)	£2,000/ A\$5,000	£2,000/ A\$5,000

There were eight scheduled board meetings (2006: eight) and 11 held at short notice (2006: one).

No additional fee is payable to the chairman of the *Nominations committee*.

Rio Tinto does not pay retirement benefits or allowances to the chairman or non executive directors, nor do any of them participate in any of the Group's incentive plans. Where the payment of statutory minimum superannuation contributions for Australian non executive directors is required by the Australian superannuation guarantee legislation, these contributions are deducted from the directors' overall fee entitlements.

Remuneration paid during 2007

Details of each element of remuneration paid to the chairman and non executive directors during 2007 are set out in the table below. No post employment, long term or termination payments were paid and no share based payments made.

Auditable information

Under Part 3 of Schedule 7A to the UK Companies Act 1985, the information included in respect of the non executive directors and the directors' short term employee benefits (excluding employment costs), defined contribution pension costs and termination benefits in Table 1, 4 and 5 are auditable.

The Australian Securities Investment Commission issued an order dated 27 January 2006 (and amended on 22 December 2006) under which the information included in the Remuneration report to comply with paragraph 25 of Australian Accounting Standard AASB 124 "Related Party Disclosures" (relating to "key management personnel" compensation) is also auditable. This information comprises Tables 1, 3, 4 and 5 and the disclosures provided under the headings Executive remuneration, Remuneration components, Remuneration paid in 2007 and Chairman and non executive director remuneration.

Annual general meetings

Shareholders will be asked to vote on this Remuneration report at the Companies' 2008 annual general meetings.

By order of the board
Ben Mathews
 Secretary
 Remuneration committee
 5 March 2008