

Remuneration report continued

Table 1 – Directors' and senior management's total remuneration

	Short term employee benefits and costs						Other long term benefits	Value of share based awards ^a		
	Base salary	Cash bonus	Other cash based benefits ²	Non-Monetary benefits ²	Secondment costs ³	Employment costs ⁴	Long service ³	MCCP ⁶	SOP ⁷	SSP/ Others ⁸
Stated in US\$'000'										
Chairman										
Paul Skinner	1,114	–	31	2	–	145	–	–	–	–
Non executive directors										
Ashton Calvert	119	–	53	7	–	9	–	–	–	–
Vivienne Cox	129	–	7	–	–	16	–	–	–	–
Sir David Clementi	138	–	15	–	–	18	–	–	–	–
Leon Davis ¹⁶	–	–	–	–	–	–	–	–	–	–
Sir Rod Eddington	109	–	21	–	–	7	–	–	–	–
Michael Fitzpatrick ¹¹	74	–	35	–	–	6	–	–	–	–
Sir Richard Giordano ¹⁶	–	–	–	–	–	–	–	–	–	–
Richard Goodmanson	138	–	18	–	–	–	–	–	–	–
Andrew Gould	156	–	15	–	–	–	–	–	–	–
Lord Kerr	135	–	7	–	–	17	–	–	–	–
David Mayhew ¹²	133	–	15	–	–	–	–	–	–	–
John Morschel ¹⁶	–	–	–	–	–	–	–	–	–	–
Sir Richard Sykes ¹²	202	–	15	–	–	–	–	–	–	–
Executive directors										
Robert Adams ¹⁶	–	–	–	–	–	–	–	–	–	–
Tom Albanese ^{11, 13, 14}	899	842	–	38	(85)	114	378	(115)	599	13
Leigh Clifford ¹⁵	1,611	1,598	148	3	156	408	–	(1,162)	1,090	3
Guy Elliott	1,016	1,011	28	6	–	258	–	(614)	512	11
Product group chief executives										
Preston Chiaro ¹⁴	591	412	21	9	205	26	–	(119)	444	7
Bret Clayton	429	349	50	3	427	36	–	64	102	12
Oscar Groeneveld ¹³	962	839	–	37	51	95	359	(606)	418	2
Keith Johnson	663	644	–	35	–	167	–	(54)	325	9
Andrew Mackenzie	737	723	–	32	–	162	–	57	267	11
Chris Renwick ¹⁶	–	–	–	–	–	–	–	–	–	–
Sam Walsh	887	664	–	6	51	110	–	(28)	381	2
2006 Remuneration	10,242	7,082	479	178	805	1,594	737	(2,577)	4,138	70
2006 Totals			20,380		737		1,631			
2005 Remuneration	9,223	5,981	422	314	1,568	1,696	737	7,484	4,600	70
2005 Totals			19,204		737		12,154			

Notes to Table 1

- The total remuneration is reported in US dollars. The amounts, with the exception of the annual cash bonus, can be converted into sterling at the rate of US\$1 = £0.5432 or alternatively into Australian dollars at the rate of US\$1 = A\$1.329, each being the average exchange rate for 2006. The annual cash bonus is payable under the STIP and this may be converted at the 2006 year end exchange rate of US\$1 = £0.5092 to ascertain the sterling equivalent or alternatively, US\$1 = A\$1.2653 to calculate the Australian dollar value.
- Other cash and non cash based benefits are described on page 70. Cash based benefits include car, fuel, overseas meeting allowances and cash in lieu of holiday. The amounts shown as paid to non executive directors relate entirely to overseas meeting allowances. Non monetary benefits include healthcare, 401K contributions in the US, the provision of a car, annual leave accruals and professional advice.
- Secondment costs comprise housing, education, tax equalisation and relocation payments made to and on behalf of executive directors and product group chief executives living outside their home country. The figure in respect of Tom Albanese reflects a tax refund to the Company during the course of the year.
- Employment costs comprise social security contributions and accident insurance premiums in the UK and US and payroll taxes in Australia paid by the employer as a direct additional cost of hire.
- The value of share based awards has been determined in accordance with the recognition and measurement requirements of IFRS2 "Share-based Payment". The fair value of awards granted under the Rio Tinto Share Option Plan (the SOP) and the Rio Tinto Share Savings Plan (the SSP) have been calculated at their dates of grant using an independent lattice based option valuation model provided by

- external consultants, Lane Clark and Peacock LLP. The fair value of awards granted under the Mining Companies Comparative Plan (the MCCP) has been based on the market price of shares at the measurement date adjusted to reflect the number of awards expected to vest based on the current and anticipated relative TSR performance and, where relevant, for non receipt of dividends between measurement date and date of vest. The failure of the 2003 conditional award to vest for directors reduced the projected value of future awards, as calculated in accordance with the relevant accounting standards. This in turn led to a negative MCCP value arising for certain individuals to offset earlier valuations which are now, under these accounting standards, considered over-valued. Further details of the valuation methods and assumptions used for these awards are included in the note 45 (Share based payments). The non executive directors do not participate in the long term incentive share schemes. The fair value of other share based awards is measured at the purchase cost of the shares from the market.
- The number of conditional shares awarded to executive directors and senior executives under the MCCP for the twelve month period ending 31 December 2006 are shown in Table 4 of this report. The MCCP is stated under primary emoluments to reflect the treatment of the plan as a cash settled share based payment.
- The award of options to executive directors under the SOP and SSP during the twelve month period up to 31 December 2006 are shown in Table 5 of this report.
- Details of other share based awards refer to the Rio Tinto Share Ownership Plan and the SSP, details of which are set out on page 70. Under the Share Ownership Plan UK executives are beneficiaries of free shares up to a maximum value of £3,000 (US\$ 5,523) and may also contribute to purchase additional shares where the Company will match their personal contributions up to a maximum of £1,500

Table 1 – Directors' and senior management's total remuneration

	Post employment costs ⁹			Termination benefits		Remuneration mix ¹⁰			Total remuneration		
	Pension – Defined Benefits	Contributions	Medical costs	Post service payments	Gifts	Fixed as % 2006 Total	At-risk as % 2006 Total	Options as % Total	2006	2005 ^{13,14}	Currency of actual payment
Stated in US\$'000¹											
Chairman											
Paul Skinner	–	–	–	–	–	100.0	–	–	1,292	1,182	£
Non executive directors											
Ashton Calvert	–	–	–	–	–	100.0	–	–	188	139	A\$
Vivienne Cox	–	–	–	–	–	100.0	–	–	152	120	£
Sir David Clementi	–	–	–	–	–	100.0	–	–	171	154	£
Leon Davis ¹⁶	–	–	–	–	–	–	–	–	–	100	£
Sir Rod Eddington	–	–	–	–	–	100.0	–	–	137	48	£
Michael Fitzpatrick ¹¹	–	–	–	–	–	100.0	–	–	115	–	£
Sir Richard Giordano ¹⁶	–	–	–	–	–	–	–	–	–	88	£
Richard Goodmanson	–	–	–	–	–	100.0	–	–	156	127	£
Andrew Gould	–	–	–	–	–	100.0	–	–	171	142	£
Lord Kerr	–	–	–	–	–	100.0	–	–	159	145	£
David Mayhew ¹²	–	–	–	–	–	100.0	–	–	148	123	£
John Morschel ¹⁶	–	–	–	–	–	–	–	–	–	46	A\$
Sir Richard Sykes ¹²	–	–	–	–	–	100.0	–	–	217	189	£
Executive directors											
Robert Adams ¹⁶	–	–	–	–	–	–	–	–	–	2,114	£
Tom Albanese ^{11,13,14}	707	–	–	–	–	60.5	39.5	17.7	3,390	3,962	£
Leigh Clifford ¹⁵	346	60	–	–	–	64.1	35.9	25.6	4,261	6,704	£
Guy Elliott	707	–	–	–	–	68.6	31.4	17.5	2,935	3,897	£
Product group chief executives											
Preston Chiaro ¹⁴	168	12	5	–	–	58.2	41.8	25.0	1,781	2,983	US\$
Bret Clayton	57	13	3	–	–	65.9	34.1	6.6	1,545	900	US\$
Oscar Groeneveld ¹³	204	50	–	–	–	72.9	27.1	17.5	2,411	3,509	A\$
Keith Johnson	385	–	–	–	–	57.5	42.5	15.0	2,174	2,284	£
Andrew Mackenzie	475	–	–	–	–	57.1	42.9	10.9	2,464	2,217	£
Chris Renwick ¹⁶	–	–	–	–	–	–	–	–	–	1,225	A\$
Sam Walsh	220	32	–	–	–	56.2	43.8	16.5	2,325	3,151	A\$
2006 Remuneration	3,269	167	8	–	–				26,192	35,549	
2006 Totals			3,444	–	–				26,192		
2005 Remuneration	2,199	114	12	1,115	14						
2005 Totals			2,325		1,129					35,549	

(US\$ 2,762) per annum. Under these plans Guy Elliott, Keith Johnson and Andrew Mackenzie each received a total of £4,500 (US\$8,285). American group product chief executives enjoy a Company matching of personal contribution for shares under the 401k arrangements up to a maximum of US\$13,213. The Company matched personal contributions to the following values: Tom Albanese US\$13,213, Preston Chiaro US\$5,410 and Bret Clayton US\$11,534.

- The costs shown for defined benefit pension plans and post retirement medical benefits are the service costs attributable to the individual, calculated in accordance with IAS19. The cost for defined contribution plans is the amount contributed in the year by the company
- Remuneration mix shows the proportions of total remuneration comprising fixed and variable pay components and the percentage of total remuneration comprising share options only. Fixed pay is represented by base salary, non monetary and other cash benefits, secondment and employment costs, post employment costs, long service payments, termination benefits and voluntary share based awards as detailed in Note 8. Variable pay is made up of the cash bonus and the values of the share based awards related to company performance.
- Tom Albanese was appointed an executive director with effect from 7 March 2006, having previously been chief executive Copper and Exploration. The aggregate figure of US\$3,390,000 reported above represents his remuneration for the full year. The part year since his appointment as executive director amounted to US\$2,413,000 and is made up of short term benefits and costs of US\$1,388,000, share based awards of US\$360,000 and post employment costs of US\$665,000. Michael Fitzpatrick was appointed a non executive director with effect from 6 June 2006. Bret Clayton became chief executive, Copper on 1 July 2006.

- David Mayhew's fees were paid to JPMorgan Cazenove and Sir Richard Sykes' fees were paid to Imperial College. The fees disclosed above include £10,000 (US\$ 18,410) paid to JPMorgan Cazenove for David Mayhew's attendance at *Audit committee* meetings in his capacity as advisor.
- Prior to Tom Albanese's appointment as an executive director and Oscar Groeneveld's transfer to product group chief executive, Aluminium, and with a view to retaining their services, both were awarded a one-off three year retention bonus in April 2004 of 100 per cent of salary as at 1 March 2007 which may vest in October 2007, if they remain employed by Rio Tinto at that time. The maximum values for Tom Albanese and Oscar Groeneveld are US\$1,134,000 and US\$1,076,000 respectively. These amounts have been spread equally over the three year period on an accrual basis and are reported here as long service payments of US\$378,000 for Tom Albanese and US\$359,000 for Oscar Groeneveld. The comparative figures for 2005 have similarly been adjusted and restated.
- In 2005, the tax equalisation figures for Tom Albanese and Preston Chiaro, which were included under secondment costs, were overstated by US\$524,894 and US\$262,517 respectively. The 2005 total remuneration comparative figure shown above has been restated to reflect the adjustment.
- In the course of the year, Leigh Clifford received US\$139,533 in respect of his non Rio Tinto related directorship.
- Leon Davis, Sir Richard Giordano and John Morschel retired on 29 April 2005. Robert Adams died on 27 January 2005 and Chris Renwick received a post retirement payment in 2005.