

Remuneration Report

Remuneration Report at a Glance

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Key abbreviations used in this Report are defined in the Glossary of Terms, which appears on page 83 of this Annual Review.

With the exception of sections 1, 3.5, 5.1, 5.3, 5.4, 8, 9 and 10, all sections are subject to audit.

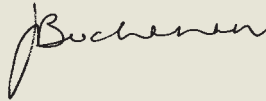
Dear Shareholder

Welcome to the Remuneration Report for the 2007 financial year. As you will be aware, a number of senior management changes have been announced since the beginning of 2007. Charles ('Chip') Goodyear has decided to retire and, on 1 October 2007, will be succeeded as CEO by Marius Kloppers. Charles will step down as an executive Director this year, but will stay employed until 1 January 2008 to assist Marius with his transition program. Chris Lynch retired on 31 August 2007, having stepped down as an executive Director on 30 June 2007. John Fast will be leaving later this month. Details of the remuneration and leaving arrangements applicable to these individuals are set out in section 4 of this Report.

In 2006, shareholders approved the introduction of an all-employee share purchase plan, Shareplus, which allows employees to acquire shares up to the value of US\$5,000 in any year. These are then matched if the employee holds the shares and remains in employment for a further three years. The initial take-up, following the launch in April 2007, was 33 per cent of eligible employees.

The Remuneration Committee regularly reviews the remuneration policy to assess whether it continues to meet the needs of BHP Billiton and its shareholders. Recruitment and retention of the highly-skilled executives needed to deliver BHP Billiton's strategy remain key priorities for the Committee. During the next year, we will revisit our incentive arrangements to make sure we are best placed to deliver on the imperatives of recruitment and retention, while ensuring that the interests of senior executives and shareholders are aligned.

On behalf of the Committee, thank you for your interest in our Report.



John Buchanan
Chairman, Remuneration Committee

6 September 2007

1. The Remuneration Committee

The Committee is committed to the principles of accountability and transparency, and to ensuring that remuneration arrangements demonstrate a clear link between reward and performance. Operating under delegated authority from the Board, its activities are governed by Terms of Reference (adopted by the Board in June 2006), which are available on our website. The Committee focuses on:

- Remuneration policy and its specific application to the CEO, the executive Directors and other executives reporting to the CEO (Office of Chief Executive – OCE) as well as the general application to all our employees
- The determination of levels of reward to the CEO, the executive Directors and other members of the OCE
- Providing guidance to the Chairman on evaluating the performance of the CEO
- Effective communication with shareholders on the remuneration policy and the Committee's work on behalf of the Board.

The members of the Committee during FY2007 were Dr John Buchanan (Chairman), Mr Carlos Cordeiro, Dr David Jenkins and the Hon E. Gail de Planque. The Committee met seven times in FY2007, and attendance at those meetings is set out on page 39 of this Annual Review. At the invitation of the Committee, Mr Don Argus (the Group Chairman), Mr Charles Goodyear (the CEO), Mr Marcus Randolph (in his capacity as Chief Organisation Development Officer) and Ms Karen Wood (in her capacity as Chief Governance Officer and Group Company Secretary) attended meetings except where matters associated with their own remuneration were considered. Mr Derek Steptoe (Vice President Group Remuneration) also attended meetings by invitation. A report from the Committee and details of Board and Committee performance appear on pages 38 and 41 of this Annual Review.

The Committee has access to advice and views from those invited to attend meetings, as mentioned above, and can draw on services from a range of external sources including remuneration consultants. A list of all consultants, together with the type of services supplied and whether services are provided elsewhere in the Group, is available on our website. Kepler Associates LLP, independent advisers to the Committee, supplies specialist remuneration advice. They do not provide any other services to the Group.

2. Reporting requirements

The senior management team of the Group during FY2007 was the Office of Chief Executive (OCE). In July 2007, the name of this group changed to the Group Management Committee (GMC). The role of the GMC is consistent with the role of the OCE as it operated throughout the year. The names and titles of the members of the OCE who served during the year are set out in section 4 of this Report.

Australian and International Financial Reporting Standards require BHP Billiton to make certain disclosures for 'key management personnel' (KMP). KMP is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

For the purposes of this Report, it has been determined that the KMP are the Directors and the members of the OCE who served during FY2007. In addition, the Australian Corporations Act 2001 requires BHP Billiton to make certain disclosures in respect of the five highest-paid executives below Board level. In FY2007, the five highest-paid executives below Board level were all members of the OCE and are, therefore, already included as KMP.

3. Remuneration policy and structure

The Committee recognises that we operate in a global environment and that our performance depends on the quality of our people. It keeps the remuneration policy under regular review to ensure it is appropriate for the needs of the Group.

3.1 Key principles of our remuneration policy

The key principles of our remuneration policy are to:

- Provide competitive rewards to attract, motivate and retain highly-skilled executives willing to work around the world
- Apply demanding key performance indicators (KPIs), including financial and non-financial measures of performance
- Link a large component of pay to our performance and the creation of value for our shareholders
- Ensure remuneration arrangements are equitable and facilitate the deployment of human resources around our businesses
- Limit severance payments on termination to pre-established contractual arrangements that do not commit us to making unjustified payments.

The Committee is confident that these principles, which were applied in the year under review, and will be applied in FY2008 and beyond, continue to meet the Group's objectives.

The remuneration paid and payable to members of the OCE (including executive Directors) in respect of FY2007 is disclosed in this Report. It comprises *fixed* and *at risk* components. The manner in which these components are determined is outlined in this section. The actual remuneration paid and payable is set out in the tables in sections 5.1 and 5.5 of this Report. Remuneration paid to non-executive Directors is set out in section 6.2.

3.2 Service contracts

It is our policy that service contracts have no fixed term, but are capable of termination on 12 months' notice and that we retain the right to terminate the contract immediately by making a payment equal to 12 months' base salary and retirement benefit contribution in lieu of notice. All members of the OCE have service contracts (see section 4.5 of this Report for full details). These contracts typically outline the components of remuneration paid, but do not prescribe how remuneration levels are to be modified from year-to-year.

3.3 Fixed remuneration

Fixed remuneration is made up of base salary, retirement and other benefits. It represents approximately 34 per cent of the individual's remuneration package (based on target performance and using Expected Values for share awards).

Base salary is targeted at industry average levels for comparable roles in global companies of similar complexity and size. Market data are used to benchmark salary levels and to inform decisions on base salary changes. Base salaries are set by reference to the scope and nature of the individual's performance and experience, and are reviewed each year. The review takes into account any change in the scope of the role performed by the individual, any changes required to meet the principles of the remuneration policy and our market competitiveness.

Retirement benefits for new entrants are delivered under defined contribution plans. All defined benefit plans are now closed to new entrants. Employees who participate in these legacy defined benefit plans continue to accrue benefits in such plans for both past and future service unless they have opted to transfer to a defined contribution plan.

Other benefits include health insurance, relocation costs, life assurance, car allowances and tax advisory services as applicable. All such benefits are non-pensionable.

3.4 At risk remuneration

At risk remuneration is geared to Group performance and is made up of short-term and long-term incentives. It represents approximately 66 per cent of the individual's remuneration package (based on target performance and using Expected Values for share awards).

Short-term incentives are delivered annually under the Group Incentive Scheme (GIS). Awards under the GIS are split equally between a cash award (being a percentage of base salary) and a grant of Deferred Shares and/or Options (to encourage employee retention and share ownership). These Deferred Shares and/or Options are subject to a two-year vesting period before they can be exercised. If, during that period, an individual resigns without the Committee's consent, or is dismissed for cause, their entitlement to them is forfeited. Members of the OCE each have a target cash award of 70 per cent of base salary and a maximum award of 105 per cent.

The GIS incentivises employees to achieve annual goals linked to the business strategy, budget and personal objectives. Measures are set to reflect the critical KPIs of the Group in a combination of financial and non-financial areas. The key Group measures in FY2007, and in FY2008, are Health and Safety, Shareholder Value Added and Net Present Value Added. In addition, each member of the OCE has personal KPIs based on their key area of responsibility. Members of the OCE have approximately 80 per cent Group-based measures and 20 per cent personal measures. In light of Mr Goodyear's planned retirement as CEO on 30 September 2007, and from the Group on 1 January 2008, his personal measures will be weighted toward the CEO transition.

The Committee believes that the KPIs set and the relative weightings given to the different categories of KPI effectively incentivise short-term performance. At the end of each year, the performance level achieved against each KPI is measured and awards are calculated and paid according to the level of performance.

Long-term incentives, in the form of Performance Shares, are awarded annually under the Long Term Incentive Plan (LTIP). The diversified natural resources industry is capital intensive, cyclical and long term. Outstanding performance comes from accessing high-quality resources, successfully developing new projects and maintaining efficient and safe operations. The Committee believes that in this environment, success can best be measured by our Total Shareholder Return (TSR) performance relative to the TSR of an index of a peer group of companies weighted 75 per cent to mining and 25 per cent to oil and gas (the Index).

The Performance Hurdle applicable to the awards granted in December 2006, and to those to be granted in December 2007, requires BHP Billiton's TSR over a five-year performance period to be greater than the weighted average TSR of the Index. To the extent that the Performance Hurdle is not achieved, awards are forfeited. There is no retesting.

For all Performance Shares to vest, BHP Billiton's TSR must exceed the weighted average TSR of the Index by a specified percentage, determined each year by the Committee. Since the establishment of the LTIP in 2004, this percentage has been set each year at 5.5 per cent. This annual amount equates to exceeding the weighted average TSR of the Index over the five-year performance period by more than 30 per cent. For performance between the weighted average TSR of the Index and 5.5 per cent per annum above the Index, vesting occurs on a sliding scale.

In the event that the Committee does not believe that BHP Billiton's TSR properly reflects the financial performance of the Group, it retains the discretion to lapse the Performance Shares. It is anticipated that such discretion would only be used in exceptional circumstances.

The maximum award that may be made to a participant in any one financial year is limited by the rules of the LTIP to an award with an Expected Value of twice their annual base salary. Expected Value has been used because it enables the Committee to set total target remuneration levels for the CEO and his direct reports, taking into account the degree of difficulty of the LTIP Performance Hurdle and the consequent probability of awards vesting, together with ensuring that awards are externally competitive. It can be defined as the average outcome weighted by probability, and takes into account the difficulty of achieving performance conditions and the correlation between these and share price appreciation. The valuation methodology also takes into account factors including volatility and forfeiture risk.

Participants of the GIS and the LTIP are eligible to receive a payment equal to the dividend amount that would have been earned on the underlying shares represented by the Deferred Shares, Options and Performance Shares awarded to those participants (the Dividend Equivalent Payment). The Dividend Equivalent Payment is made to the participants once the underlying shares are issued or transferred to them. No Dividend Equivalent Payment is made in respect of Deferred Shares, Options and Performance Shares that lapse.

3.5 Share ownership guidelines

Participation in the GIS and the LTIP is approved by the Committee, and participants may be required to hold a minimum number of BHP Billiton shares (Minimum Shareholding Requirement – MSR), the level of which is determined by the Committee, throughout their period of participation in the schemes. The current MSR for the CEO and his direct reports is 50 per cent of one year's base salary on an after-tax basis, calculated using the year-end BHP Billiton share price.

The CEO and his direct reports are subject to a policy governing the use of hedge arrangements over BHP Billiton shares. This prohibits them from entering into hedge arrangements in relation to unvested shares and options and shares forming part of their MSR. Any permitted hedge arrangements require advance clearance under our Securities Dealing Code from specified officers and must be disclosed in this Report. None of these individuals currently has any hedge arrangement in place.

4. Office of Chief Executive remuneration details

This section contains information on the members of the OCE, including the executive Directors, who served during FY2007.

The executive Directors who served during the year were Mr Charles Goodyear (CEO), Mr Marius Kloppers (Group President, Non-Ferrous Materials, and CEO-designate), Mr Chris Lynch (Group President, Carbon Steel Materials) and Mr Miklos Salamon (Executive President). Mr Salamon and Mr Lynch stood down as Directors on 26 October 2006 and 30 June 2007 respectively.

In addition to the executive Directors, the other executives who served as members of the OCE during the year were Mr John Fast (Chief Legal Counsel and Head of External Affairs), Mr Robert Kirkby (Executive President), Mr Marcus Randolph (Chief Organisation Development Officer), Mr Alex Vanselow (Chief Financial Officer), Ms Karen Wood (Chief Governance Officer and Group Company Secretary) and Mr J Michael Yeager (Group President Energy). Mr Kirkby retired on 31 December 2006.

4.1 Marius Kloppers' remuneration on appointment as CEO

The Committee has determined that Mr Kloppers will be remunerated in line with the policy and incentive structures that applied to Charles Goodyear.

With effect from 1 October 2007 (on his succession as CEO), Mr Kloppers' gross base salary will be US\$1,850,000 per annum. His annual target cash award will be 70 per cent of base salary with a maximum award of 105 per cent. His remuneration will also include an annual retirement benefit of 40 per cent of base salary. At the 2007 Annual General Meetings, shareholders will be asked to approve an award to Mr Kloppers of 400,000 Performance Shares. This award equates to an approximate face value of 4.75 times base salary or an Expected Value of approximately 1.4 times base salary.

4.2 Summary of remuneration arrangements

Total remuneration for members of the OCE is divided into two components: *fixed* and *at risk*. The *at risk* component is derived only in circumstances where the individual has met challenging KPIs and Performance Hurdles that contribute to our overall profitability and performance.

4.3 Short-term incentives (*at risk*)

Actual cash awards for the year ended 30 June 2007 were as follows ⁽¹⁾.

	Actual GIS cash award (% of base salary)	
	Year ended 30 June 2007	Year ended 30 June 2006
Executive Directors		
Charles Goodyear	85.0	74.2
Marius Kloppers	93.0	74.0
Chris Lynch	91.0	69.5
Miklos Salamon ⁽²⁾	N/A	69.0
Other members of the OCE		
John Fast	87.0	68.7
Robert Kirkby ⁽³⁾	70.0	67.1
Marcus Randolph	93.0	73.7
Alex Vanselow	101.0	67.5
Karen Wood	102.0	70.1
J Michael Yeager	105.0	83.2

Notes

⁽¹⁾ Cash awards are paid in September following the release of our annual results. They are matched with a grant of Deferred Shares and/or Options made after the Annual General Meetings.

⁽²⁾ Miklos Salamon stepped down as a Director on 26 October 2006 and did not participate in the short-term incentive scheme for FY2007.

⁽³⁾ Robert Kirkby's annual cash award has been pro-rated to reflect his period of service from 1 July 2006 to his retirement date, 31 December 2006.

4.4 Long-term incentives (*at risk*)

All shares under award form part of an individual's *at risk* remuneration. The extent to which the Performance Shares will vest is dependent on the extent to which the Performance Hurdle is met and continued employment. A summary of interests in incentive schemes held by members of the OCE, including the number of awards granted in FY2007, is shown in section 5.2 of this Report.

4.5 Service contracts and termination provisions

The service contracts for the CEO and his direct reports have no fixed term. They typically outline the components of remuneration paid to the individual, but do not prescribe how remuneration levels are to be modified from year-to-year. With the exception of John Fast, whose arrangements were determined at the time of the merger of BHP Limited and Billiton Plc in 2001, the contracts are capable of termination on 12 months' notice. In addition, we retain the right to terminate a contract immediately by making a payment equal to 12 months' base salary plus retirement benefits for that period.

Name	Employing company	Date of contract	Notice period – Employing company	Notice period – Employee
Executive Directors				
Charles Goodyear	BHP Billiton Limited, BHP Billiton Plc	21 August 2003	12 months	3 months
Marius Kloppers	BHP Billiton Plc	19 February 2001, as amended on 31 August 2004	12 months	6 months
Chris Lynch	BHP Billiton Limited	31 August 2004 and 16 August 2006	12 months	6 months
Other members of the OCE				
John Fast	BHP Billiton Limited	19 July 2001	3 months	3 months
Marcus Randolph	BHP Billiton Limited	13 December 2005	12 months	6 months
Alex Vanselow	BHP Billiton Minerals Service Company Limited	14 June 2006	12 months	6 months
Karen Wood	BHP Billiton Limited	21 February 2006	12 months	6 months
J Michael Yeager	BHP Billiton Petroleum (Americas) Limited	21 March 2006	12 months	6 months

4.5 Service contracts and termination provisions continued**Entitlements under the GIS, LTIP and Retirement Plans on ceasing employment**

The rules of the GIS and LTIP cover any entitlements participants might have on termination in relation to short-term and long-term incentives. They outline the circumstances in which all participants would be entitled to receive any Deferred Shares, Options or Performance Shares that had been granted, but which had not vested at the date of termination. The rules of the GIS and LTIP provide that should a participant cease employment for any reason other than death/disability, resignation or termination for cause, the following would apply:

- Deferred Shares and Options already granted would vest in full
- Participants would have a right to retain entitlements to Performance Shares that have been granted but that are not yet exercisable. The number of such Performance Shares would be pro-rated to reflect the period of service from the commencement of the relevant performance period to the date of departure and would only become exercisable to the extent that the Performance Hurdles are met.

The Committee regards it as an important principle that where a participant resigns without the Committee's consent, or their employment is terminated for cause, they forfeit the entitlement to their unvested Deferred Shares, Options and Performance Shares.

The rules of the GIS outline the circumstances in which participants would be entitled to a cash award for the performance year in which they cease employment. Such circumstances depend on the reason for leaving. The only circumstances in which the Committee has considered using its discretion to allow members of the OCE to receive a cash award in the event of departure is for those individuals who have retired or are retiring.

On retirement, the CEO and his direct reports will receive any entitlements accrued under the rules of their respective retirement plans and as defined under their contractual arrangements.

4.6 Retirement benefits

For service after 1 January 2003, retirement, death and disability benefits were aligned, where possible, for members of the OCE. With the exception of Marius Kloppers, Miklos Salamon and Alex Vanselow, members of the OCE receive only a defined contribution entitlement. To deliver the retirement promise, the individual is given a choice of funding vehicles, including their current retirement arrangement, an unfunded Retirement Savings Plan, an International Retirement Plan or a cash payment in lieu.

Executive Directors with defined benefit promises

Marius Kloppers has had the choice of a (1) 'defined benefit', (2) 'defined contribution' underpinned by a defined benefit promise, or (3) 'cash in lieu' pension entitlement for each year since 1 July 2001. He has elected to take cash in lieu for each year except for FY2004 when he elected to take a defined contribution entitlement with a defined benefit underpin. Mr Kloppers retains the option to convert the entitlement accrued in the defined contribution fund to a defined benefit entitlement. However, since the value of his defined contribution entitlement (US\$556,390) exceeds the transfer value of the defined benefit underpin that he would be entitled to should he revert to the defined benefit promise (US\$390,200) (both measured at 30 June 2007), the entitlement is being treated on a defined contribution basis. Upon his succession as CEO on 1 October 2007, Mr Kloppers will relinquish all future defined benefit entitlements.

Miklos Salamon retired as an employee on 1 September 2006. On retirement, he became entitled to a pension under non-contributory defined benefit pension arrangements set up by BHP Billiton Plc and BHP Billiton Services Jersey Limited. The pension payable equated to two-thirds of base salary, with contingent spouse's pension, and was reduced because payment commenced before the normal retirement age of 60. In accordance with the rules of the scheme, all pensions in payment will be indexed in line with the UK Retail Price Index. The disclosures for Mr Salamon are provided below:

Miklos Salamon – Defined benefits pension				
US dollars				
Amount by which the annual pension entitlement has increased during the two month period ended 1 September 2006 ⁽¹⁾	Total annual pension entitlement at 1 September 2006 ⁽²⁾	Difference in transfer values ⁽³⁾	Estimated capital value (transfer value) of total accrued pension ⁽²⁾	
			1 September 2006	30 June 2006
62,762	936,762	5,789,329	19,987,198	14,197,869

Notes

⁽¹⁾ Due to exchange rate movements.

⁽²⁾ The following information in respect of Mr Salamon's retirement benefits, quoted as at 30 June 2007, is presented to satisfy the requirements of Schedule 7A of the UK Companies Act 1985:

- At 30 June 2007, the total annual pension entitlement is US\$27,852, with a corresponding transfer value of US\$740,496. The decrease compared with Mr Salamon's entitlements immediately prior to his retirement is due to the fact that he took the majority of his pension entitlement as a one-off cash payment upon retirement.
- The decrease in the accrued annual pension entitlement compared with 30 June 2006, after making allowance for inflation of 4.3 per cent, is US\$999,070. The transfer value of this decrease is US\$15,974,904. The majority of the decrease is attributable to the fact that most of the benefit was taken as a cash lump sum.
- For FY2006, the decrease in the accrued pension, after making an allowance for inflation of 3.3 per cent, is US\$2,532. The transfer value of the decrease is US\$41,149.

⁽³⁾ Increase is primarily due to early retirement.

4.7 Post-30 June 2007 departures

Charles Goodyear will retire from the Group on 1 January 2008. Until that date, he will receive his normal contractual entitlements. In respect of entitlements under the GIS and LTIP, he will be treated in line with the Group's policy for such events. He will be entitled to have Deferred Shares transferred to him in full on leaving, receive a cash award for the period served subject to performance achievement, and retain a pro-rated amount of his Performance Shares, which will vest at the end of the performance period to the extent that Performance Hurdles have been achieved. On retiring, he will be entitled to receive the accumulated value of funds under the Retirement Savings Plan.

Chris Lynch retired from the Group on 31 August 2007. In respect of entitlements under the GIS and LTIP, he was treated in line with the Group's policy for such events. He was entitled to have Deferred Shares transferred to him in full on leaving, and retains a pro-rated amount of his Performance Shares, which will vest at the end of the performance period to the extent that Performance

Hurdles have been achieved. In respect of his GIS participation for FY2007, an amount equal to his GIS cash award was paid in lieu of the award of Deferred Shares. On retiring, he was entitled to receive the accumulated value of benefits under the Australian Superannuation Fund and the Retirement Savings Plan.

John Fast will leave the Group in September 2007. On leaving, he will be paid a termination payment in accordance with his contractual arrangements, equivalent to 21 months' base salary. In respect of entitlements under the GIS and LTIP, he will be treated in line with the Group's policy for such events. He will be entitled to have Deferred Shares transferred to him in full on leaving, and retain a pro-rated amount of his Performance Shares, which will vest at the end of the performance period to the extent that Performance Hurdles have been achieved. In respect of his GIS participation for FY2007, an amount equal to his GIS cash award will be paid in lieu of the award of Deferred Shares. On leaving, he will be entitled to receive the accumulated value of benefits under the Australian Superannuation Fund.

5. Office of Chief Executive remuneration and share awards

5.1 Summary of remuneration for executive Directors

The following table sets out the *fixed* and *at risk* remuneration for the executive Directors for the year ended 30 June 2007. *At risk* remuneration consists of the annual cash award to be paid in respect of FY2007 and the Expected Values of the share incentive awards granted in December 2006. A remuneration table prepared in accordance with the requirements of the UK Companies Act 1985 and the Australian Corporations Act 2001 and relevant accounting standards, is provided at the end of this section.

US dollars	Base salary	Retirement benefits	Other benefits	Total fixed remuneration	Annual cash award	Expected Value Performance Shares	Expected Value Deferred Shares	Total at risk remuneration
Charles Goodyear ⁽¹⁾⁽²⁾	1,777,500	853,200	100,762	2,731,462	1,517,985	3,523,448	1,046,154	6,087,587
Marius Kloppers ⁽¹⁾⁽²⁾	1,008,036	416,364	34,575	1,458,975	1,025,000	1,222,023	628,710	2,875,733
Chris Lynch ⁽²⁾	1,008,036	349,789	–	1,357,825	2,000,000	1,337,887	597,879	3,935,766
Miklos Salamon ⁽¹⁾⁽³⁾	473,796	–	189,873	663,669	–	–	–	–

Notes

⁽¹⁾ Other benefits include the following: payments in respect of accrued leave to Miklos Salamon; and payment of professional fees in respect of tax compliance and consulting for Charles Goodyear and Marius Kloppers.

⁽²⁾ The annual cash award for Chris Lynch includes an amount equal to his GIS cash award in lieu of Deferred Shares in respect of FY2007. The Deferred Shares in respect of FY2007 for Charles Goodyear and Marius Kloppers will be granted in December 2007.

⁽³⁾ Base salary for Miklos Salamon reflects the period from 1 July 2006 to his retirement date.

5.2 Share awards

The following tables set out the interests held by members of the OCE in BHP Billiton's incentive schemes, and include ordinary shares under award and ordinary shares under option.

With the exception of Marius Kloppers and Miklos Salamon, whose awards were over BHP Billiton Plc ordinary shares, members of the OCE were granted awards over BHP Billiton Limited ordinary shares. No member of the OCE elected to receive Options under the GIS in December 2006. All vested GIS Deferred Shares, GIS Performance Shares, PSP Performance Rights, GIS Options and ESP Options are exercisable.

No further awards of GIS Performance Shares, ESP Options and PSP Performance Rights will be granted.

Awards of Performance Shares under the LTIP (including the number of shares awarded in FY2007)

In accordance with the rules of the LTIP, no Performance Shares vest, or can be exercised, prior to the end of the performance period unless a participant ceases employment due to death, serious injury, disability or illness, which renders the participant incapable of continuing employment. The first vesting date will be in August 2009.

The index of peer group companies for the LTIP Performance Shares, since its implementation in 2004, comprises the following companies: Alcan, Alcoa, Alumina, Anglo American, BG Group, BP, Companhia Vale do Rio Doce, ConocoPhillips, Exxon Mobil, Falconbridge, Freeport McMoRan, Impala, Inco, Marathon Oil, Newmont Mining, Norilsk, Phelps Dodge, Rio Tinto, Shell, Total, Unocal, Woodside Petroleum and Xstrata. A description of the Performance Hurdle applying to the LTIP Performance Shares is set out in section 3.4 of this Report.

5.2 Share awards continued

Awards of Performance Shares under the LTIP (including the number of shares awarded in FY2007)								
Name	Date of grant	At 1 July 2006	Granted	Vested	Lapsed	At date of resignation as a Director (26 October 2006)	At 30 June 2007	Date award vests and becomes exercisable ⁽¹⁾
Executive Directors								
Charles Goodyear	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 600,000 500,000	592,558 – –	– – –	– – –	n/a	592,558 600,000 500,000	Aug 2011 Aug 2010 Aug 2009
Total		1,100,000	592,558	–	–		1,692,558	
Marius Kloppers	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 225,000 225,000	225,000 – –	– – –	– – –	n/a	225,000 225,000 225,000	Aug 2011 Aug 2010 Aug 2009
Total		450,000	225,000	–	–		675,000	
Chris Lynch	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 225,000 225,000	225,000 – –	– – –	– – –	n/a	225,000 225,000 225,000	Aug 2011 Aug 2010 Aug 2009
Total		450,000	225,000	–	–		675,000	
Miklos Salamon	5 Dec 2005 3 Dec 2004	300,000 300,000	– –	– –	230,000 ⁽³⁾ 170,000 ⁽³⁾	70,000 130,000	70,000 ⁽³⁾ 130,000 ⁽³⁾	Aug 2010 Aug 2009
Total		600,000	–	–	400,000	200,000	200,000	
Other members of the OCE								
John Fast	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 175,000 175,000	175,000 – –	– – –	– – –	n/a	175,000 175,000 175,000	Aug 2011 Aug 2010 Aug 2009
Total		350,000	175,000	–	–		525,000	
Robert Kirkby	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 225,000 225,000	225,000 – –	– – –	202,500 ⁽³⁾ 157,500 ⁽³⁾ 112,500 ⁽³⁾	n/a	22,500 ⁽³⁾ 67,500 ⁽³⁾ 112,500 ⁽³⁾	Aug 2011 Aug 2010 Aug 2009
Total		450,000	225,000	–	472,500		202,500	
Marcus Randolph	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 110,000 110,000	175,000 – –	– – –	– – –	n/a	175,000 110,000 110,000	Aug 2011 Aug 2010 Aug 2009
Total		220,000	175,000	–	–		395,000	
Alex Vanselow	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 110,000 110,000	225,000 – –	– – –	– – –	n/a	225,000 110,000 110,000	Aug 2011 Aug 2010 Aug 2009
Total		220,000	225,000	–	–		445,000	
Karen Wood	7 Dec 2006 ⁽²⁾ 5 Dec 2005 3 Dec 2004	– 80,000 80,000	175,000 – –	– – –	– – –	n/a	175,000 80,000 80,000	Aug 2011 Aug 2010 Aug 2009
Total		160,000	175,000	–	–		335,000	
J Michael Yeager	7 Dec 2006 ⁽²⁾ 26 Apr 2006	– 325,000	225,000 –	– –	– –	n/a	225,000 325,000	Aug 2011 Aug 2010
Total		325,000	225,000	–	–		550,000	

Notes

⁽¹⁾ The performance period for each award ends on 30 June in the year the award vests and becomes exercisable. The expiry date of awards is the day prior to the fifth anniversary of the date the award vests and becomes exercisable.

⁽²⁾ The market prices on date of grant were A\$26.40 and £9.72. The fair values, estimated using a Monte Carlo simulation, were A\$8.02 and £2.50.

⁽³⁾ In accordance with the LTIP rules, a proportion of the original share award lapsed when Miklos Salamon and Robert Kirkby retired from the Group. Awards have been pro-rated to reflect the period of service from the start of each performance period to the date of retirement.

5.2 Share awards continued

Awards of Deferred Shares under the GIS (including the number of shares awarded in FY2007)

Name	Date of grant	At 1 July 2006	Granted	Vested	Lapsed	Exercised	At date of resignation as a Director (26 October 2006)	At 30 June 2007	Date award vests and becomes exercisable ⁽¹⁾	Market price on date of exercise	Aggregate gain of shares exercised
Executive Directors											
Charles Goodyear	7 Dec 2006 ⁽²⁾	–	56,691	–	–	–	n/a	56,691	Aug 2008	–	–
	5 Dec 2005	76,569	–	–	–	–	–	76,569	22 Aug 2007	–	–
	3 Dec 2004	44,601	–	44,601	–	44,601	–	–	23 Aug 2006 ⁽³⁾	A\$27.70	A\$1,235,448
Total		121,170	56,691	44,601	–	44,601		133,260			
Marius Kloppers	7 Dec 2006 ⁽²⁾	–	37,300	–	–	–	n/a	37,300	Aug 2008	–	–
	5 Dec 2005	52,771	–	–	–	–	–	52,771	22 Aug 2007	–	–
	3 Dec 2004	60,548	–	60,548	–	60,548	–	–	23 Aug 2006 ⁽³⁾	£10.2409	£620,066
Total		113,319	37,300	60,548	–	60,548		90,071			
Chris Lynch	7 Dec 2006 ⁽²⁾	–	32,399	–	–	–	n/a	32,399	Aug 2008	–	–
	5 Dec 2005	43,670	–	–	–	–	–	43,670	22 Aug 2007	–	–
	3 Dec 2004	55,908	–	55,908	–	55,908	–	–	23 Aug 2006 ⁽³⁾	A\$27.70	A\$1,548,652
	21 Nov 2003	61,010	–	–	–	61,010	–	–	Vested prior to 1 July 2006	A\$27.70	A\$1,689,977
Total		160,588	32,399	55,908	–	116,918		76,069			
Miklos Salamon	5 Dec 2005	73,743	–	73,743	–	73,743	–	–	1 Sept 2006 ⁽⁴⁾	£10.2409	£755,195
	3 Dec 2004	80,151	–	80,151	–	80,151	–	–	23 Aug 2006 ⁽³⁾	£9.9150	£794,697
Total		153,894	–	153,894	–	153,894		–			
Other members of the OCE											
John Fast	7 Dec 2006 ⁽²⁾	–	25,825	–	–	–	n/a	25,825	Aug 2008	–	–
	5 Dec 2005	39,575	–	–	–	–	–	39,575	22 Aug 2007	–	–
	3 Dec 2004	53,908	–	53,908	–	–	–	53,908	23 Aug 2006 ⁽³⁾	–	–
	21 Nov 2003	54,782	–	–	–	–	–	54,782	Vested prior to 1 July 2006	–	–
Total		148,265	25,825	53,908	–	–		174,090			
Robert Kirkby	7 Dec 2006 ⁽²⁾	–	30,577	30,577	–	–	n/a	30,577	31 Dec 2006 ⁽⁴⁾	–	–
	5 Dec 2005	47,448	–	47,448	–	–	–	47,448	31 Dec 2006 ⁽⁴⁾	–	–
	3 Dec 2004	57,450	–	57,450	–	57,450	–	–	23 Aug 2006 ⁽³⁾	A\$27.74	A\$1,593,663
Total		104,898	30,577	135,475	–	57,450		78,025			
Marcus Randolph	7 Dec 2006 ⁽²⁾	–	29,455	–	–	–	n/a	29,455	Aug 2008	–	–
	5 Dec 2005	32,199	–	–	–	–	–	32,199	22 Aug 2007	–	–
	3 Dec 2004	44,234	–	44,234	–	44,234	–	–	23 Aug 2006 ⁽³⁾	A\$27.65	A\$1,223,070
Total		76,433	29,455	44,234	–	44,234		61,654			
Alex Vanselow	7 Dec 2006 ⁽²⁾	–	23,030	–	–	–	n/a	23,030	Aug 2008	–	–
	5 Dec 2005	25,633	–	–	–	–	–	25,633	22 Aug 2007	–	–
	3 Dec 2004	27,347	–	27,347	–	27,347	–	–	23 Aug 2006 ⁽³⁾	A\$25.60	A\$700,083
Total		52,980	23,030	27,347	–	27,347		48,663			
Karen Wood	7 Dec 2006 ⁽²⁾	–	18,267	–	–	–	n/a	18,267	Aug 2008	–	–
	5 Dec 2005	20,462	–	–	–	–	–	20,462	22 Aug 2007	–	–
	3 Dec 2004	26,631	–	26,631	–	–	–	26,631	23 Aug 2006 ⁽³⁾	–	–
	21 Nov 2003	20,684	–	–	–	20,684	–	–	Vested prior to 1 July 2006	A\$28.00	A\$579,152
Total		67,777	18,267	26,631	–	20,684		65,360			
J Michael Yeager	7 Dec 2006 ⁽²⁾	–	6,614	–	–	–	n/a	6,614	Aug 2008	–	–

Notes

(1) The expiry date of awards is the day prior to the third anniversary of the date the award vests and becomes exercisable.

(2) The market prices on date of grant were A\$26.40 and £9.72. The fair values, estimated using a Net Present Value model were A\$22.32 and £8.44.

(3) The holding period for awards ended on 30 June 2006. 100 per cent of the awards vested and became exercisable on the first non-prohibited date after that (23 August 2006). The market prices on date of vesting were A\$28.39 and £10.14. The market prices on date of grant were A\$15.28 and £5.91.

(4) As per the rules of the GIS, the awards of Deferred Shares vested when Miklos Salamon and Robert Kirkby retired. The market prices on the dates their shares vested were £10.07 for Mr Salamon and A\$25.30 for Mr Kirkby. The market prices on dates of grant were A\$22.03 and £8.90 (2005 Deferred Shares), and A\$26.40 and £9.72 (2006 Deferred Shares).

5.2 Share awards continued

Awards of Performance Shares under the GIS											
Name	Date of grant	At 1 July 2006	Granted	Vested ⁽¹⁾	Lapsed ⁽¹⁾	Exercised	At date of resignation as a Director (26 October 2006)	At 30 June 2007	Date award vests and becomes exercisable ⁽²⁾	Market price on date of exercise	Aggregate gain of shares exercised
Executive Directors											
Charles Goodyear	21 Nov 2003	112,375	–	89,900	22,475	89,900	n/a	–	23 Aug 2006 ⁽³⁾	A\$27.70	A\$2,490,230
Total		112,375	–	89,900	22,475	89,900		–			
Marius Kloppers	21 Nov 2003	55,378	–	44,302	11,076	44,302	n/a	–	23 Aug 2006 ⁽³⁾	£10.2409	£453,692
Total		55,378	–	44,302	11,076	44,302		–			
Chris Lynch	21 Nov 2003 12 Nov 2002	61,010 117,117	– –	48,808 –	12,202 –	48,808 117,117	n/a	– –	23 Aug 2006 ⁽³⁾ Vested prior to 1 July 2006	A\$27.70 A\$27.70	A\$1,351,982 A\$3,244,141
Total		178,127	–	48,808	12,202	165,925		–			
Miklos Salamon	21 Nov 2003	89,056	–	71,245	17,811	71,245	–	–	23 Aug 2006 ⁽³⁾	£9.9150	£706,394
Total		89,056	–	71,245	17,811	71,245		–			
Other members of the OCE											
John Fast	21 Nov 2003 12 Nov 2002	54,782 115,921	– –	43,826 –	10,956 –	– –	n/a	43,826 115,921	23 Aug 2006 ⁽³⁾ Vested prior to 1 July 2006	– –	– –
Total		170,703	–	43,826	10,956	–		159,747			
Robert Kirkby	21 Nov 2003	58,031	–	46,425	11,606	46,425	n/a	–	23 Aug 2006 ⁽³⁾	A\$27.74	A\$1,287,830
Total		58,031	–	46,425	11,606	46,425		–			
Marcus Randolph	21 Nov 2003	34,261	–	27,409	6,852	27,409	n/a	–	23 Aug 2006 ⁽³⁾	A\$27.65	A\$757,859
Total		34,261	–	27,409	6,852	27,409		–			
Alex Vanselow	21 Nov 2003	13,859	–	11,087	2,772	11,087	n/a	–	23 Aug 2006 ⁽³⁾	A\$25.60	A\$283,827
Total		13,859	–	11,087	2,772	11,087		–			
Karen Wood	21 Nov 2003 12 Nov 2002	20,684 42,219	– –	16,547 –	4,137 –	– 42,219	n/a	16,547 –	23 Aug 2006 ⁽³⁾ Vested prior to 1 July 2006	– A\$28.00	– A\$1,182,132
Total		62,903	–	16,547	4,137	42,219		16,547			
J Michael Yeager	–	–	–	–	–	–	n/a	–	–	–	–

Notes

- (1) The performance period ended on 30 June 2006. Based on the performance measured at the end of the performance period 80 per cent of the Performance Shares vested and became exercisable on the first non-prohibited date after that (23 August 2006). The remaining 20 per cent lapsed.
- (2) The expiry date of awards is the day prior to the third anniversary of the date the award vests and becomes exercisable.
- (3) The market prices on date of vesting were A\$28.39 and £10.14. The market prices on date of grant were A\$10.76 and £4.32.

Awards of Options under the GIS and the Employee Share Plan											
Name	Date of grant	Exercise price payable (A\$)	At 1 July 2006	Granted	Vested ⁽¹⁾	Lapsed	Exercised	At 30 June 2007	Date award vests and becomes exercisable	Expiry date	
Charles Goodyear	3 Dec 2004	15.39	180,613	–	180,613	–	–	180,613	23 Aug 2006	22 Aug 2009	
	21 Nov 2003	11.11	320,725	–	–	–	–	320,725	24 Aug 2005	23 Aug 2008	
	3 Apr 2000	7.60	722,785	–	–	–	–	722,785	3 Apr 2003	2 Apr 2010	
	23 Apr 1999	6.92	351,065	–	–	–	–	351,065	23 Apr 2002	22 Apr 2009	

Notes

- (1) The holding period ended on 30 June 2006. 100 per cent of the awards vested and became exercisable on the first non-prohibited date after that (23 August 2006). The market price on date of vesting was A\$28.39. The market price on date of grant was A\$15.28.

5.2 Share awards continued

Awards of Performance Rights under the Performance Share Plan										
Name	Date of grant	At 1 July 2006	Granted	Vested	Lapsed	Exercised	At 30 June 2007	Date award vests and becomes exercisable	Market price on date of exercise	Aggregate gain of shares exercised
Executive Directors										
Charles Goodyear	8 Nov 2001 ⁽¹⁾	15,716	–	–	–	–	15,716	Vested prior to 1 July 2006	–	–
Total		15,716	–	–	–	–	15,716			
Chris Lynch	8 Nov 2001	98,603	–	–	–	98,603	–	Vested prior to 1 July 2006	A\$27.70	A\$2,731,303
	1 Nov 2000	43,592	–	–	–	43,592	–	Vested prior to 1 July 2006	A\$27.70	A\$1,207,498
Total		142,195	–	–	–	142,195	–			
Other members of the OCE										
John Fast	8 Nov 2001 ⁽¹⁾	96,384	–	–	–	18,000	78,384	Vested prior to 1 July 2006	A\$30.60	A\$550,800
Total		96,384	–	–	–	18,000	78,384			
Karen Wood	8 Nov 2001 ⁽¹⁾	25,846	–	–	–	–	25,846	Vested prior to 1 July 2006	–	–
Total		25,846	–	–	–	–	25,846			

Note

⁽¹⁾ The unexercised Performance Rights expire on 30 September 2011.

Awards of Partly Paid Shares under the Executive Share Plan							
Name	Date of grant	At 1 July 2006	Granted	Forfeited	Converted	At 30 June 2007	Date award vests and becomes exercisable
Robert Kirkby	4 Oct 1995 ⁽¹⁾	72,279	–	–	–	72,279	n/a
	4 Oct 1994 ⁽²⁾	108,255	–	–	–	108,255	n/a
Total		180,534	–	–	–	180,534	

Notes

⁽¹⁾ 35,000 Partly Paid Shares and 37,279 fully paid bonus shares (held in escrow).

⁽²⁾ 50,000 Partly Paid Shares and 58,255 fully paid bonus shares (held in escrow).

5.3 Estimated value range of awards

The maximum possible value of awards yet to vest to be disclosed under the Australian Corporations Act 2001 is not determinable as it is dependent on, and therefore fluctuates with, the share prices of BHP Billiton Limited and BHP Billiton Plc at a date that any award is exercised. An estimate of a maximum possible value of awards for members of the OCE can be made using the highest share price during FY2007, which was A\$35.38 and £13.90, multiplied by the number of awards for each scheme. For Options granted to Mr Goodyear, the value is reduced by the exercise price multiplied by the number of Options. The minimum value of awards yet to vest is nil.

5.4 Shareplus

Shareplus, an all-employee share purchase plan, was launched in April 2007. Employees may acquire shares up to the value of US\$5,000 in any Plan year which is then matched if the employee holds the shares, and remains in employment, until the third anniversary of the start of the Plan year. The first shares will be acquired in September 2007. All executive Directors and members of the OCE were eligible to participate in Shareplus; non-executive Directors were not.

5.5 Remuneration for OCE members

The table that appears in this section has been prepared in accordance with the requirements of the UK Companies Act 1985 and the Australian Corporations Act 2001 and relevant accounting standards.

US dollars		Short-term employee benefits				Subtotal: UK requirements ⁽⁸⁾	Post-employment benefits	Share-based payments			Total: Australian requirements ⁽⁸⁾
		Base salary	Annual cash award ⁽⁹⁾	Non-monetary benefits	Other benefits		Retirement benefits	Dividend Equivalent Payment value	Value of Deferred Shares	Long-term incentive awards	
Executive Directors											
Charles Goodyear	2007	1,777,500	1,517,985	100,762	–	3,396,247	853,200	234,053	1,486,559	1,849,039	7,819,098
	2006	1,580,000	1,501,187	65,930	–	3,147,117	758,400	496,473	1,001,896	1,107,821	6,511,707
Marius Kloppers	2007	1,008,036	1,025,000	34,575	–	2,067,611	416,364	126,390	732,037	659,945	4,002,347
	2006 ⁽²⁾	915,359	867,597	1,645	150,000	1,934,601	361,351	199,964	629,312	471,367	3,596,595
Chris Lynch	2007 ⁽⁴⁾	1,008,036	2,000,000	–	–	3,008,036	349,789	64,720	430,172	739,182	4,591,899
	2006 ⁽²⁾	870,280	814,562	–	23,582	1,708,424	301,987	192,152	566,437	468,638	3,237,638
Miklos Salamon ⁽¹⁾	2007 ⁽³⁾	473,796	–	1,916	187,957	663,669	–	13,864	348,237	178,482	1,204,252
	2006	1,311,001	2,063,695	12,374	26,657	3,413,727	–	252,040	603,437	634,771	4,903,975
Other OCE members											
John Fast	2007 ⁽⁴⁾	812,905	1,550,000	–	–	2,362,905	291,833	73,147	346,083	570,543	3,644,511
	2006	738,079	649,283	–	–	1,387,362	264,970	157,341	503,725	369,787	2,683,185
Robert Kirkby	2007 ⁽³⁾	485,293	365,000	701	1,084,468	1,935,462	177,617	26,386	567,817	419,400	3,126,682
	2006	894,021	768,734	5,042	–	1,667,797	327,212	196,340	578,754	468,298	3,238,401
Marcus Randolph	2007	864,282	875,000	44,783	–	1,784,065	293,856	77,123	563,980	439,770	3,158,794
	2006 ⁽⁶⁾	629,048	617,122	13,834	164,556	1,424,560	213,876	95,077	382,631	191,336	2,307,480
Alex Vanselow	2007	838,730	925,000	61,759	175,000	2,000,489	318,717	87,989	518,186	504,070	3,429,451
	2006 ⁽⁶⁾	186,846	144,749	3,216	175,000	509,811	71,001	25,234	85,855	55,200	747,101
Karen Wood	2007	658,500	730,000	–	–	1,388,500	226,524	69,443	404,881	381,210	2,470,558
	2006 ⁽⁶⁾	348,779	267,896	1,962	–	618,637	119,980	44,258	160,313	93,767	1,036,955
J Michael Yeager	2007 ⁽⁵⁾	964,600	1,012,000	22,260	2,000,000	3,998,860	345,327	66,674	324,551	541,550	5,276,962
	2006	151,667	175,153	2,928	3,000,000	3,329,748	54,297	19,114	7,109	45,603	3,455,871
Philip Aiken ⁽⁷⁾	2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2006	1,036,996	662,976	22,290	632,169	2,354,431	374,355	193,645	554,216	472,885	3,949,532

Notes

(1) Miklos Salamon stepped down as a Director on 26 October 2006.

(2) For Marius Kloppers and Chris Lynch the sub-totals and totals for 2006 are for the full financial year. Their sub-total and total remuneration for the proportion of the year they served as executive Directors was US\$891,478 and US\$1,722,474 for Mr Kloppers, and US\$873,516 and US\$1,640,730 for Mr Lynch.

(3) Base salaries for Miklos Salamon and Robert Kirkby reflect the period from 1 July 2006 to their respective retirement dates. Their other benefits include payments in respect of accrued leave.

(4) The annual cash award for Chris Lynch and John Fast includes an amount equal to their GIS cash award in lieu of Deferred Shares in respect of FY2007.

(5) Other benefits for J Michael Yeager include the remaining payment made to him for reimbursement for loss of options from previous employment.

(6) For Marcus Randolph, Alex Vanselow and Karen Wood the FY2006 amounts cover the period they were KMP. Their total remuneration for FY2006 was US\$2,734,752 for Mr Randolph, US\$2,309,375 for Mr Vanselow and US\$1,732,127 for Ms Wood.

(7) Philip Aiken was a KMP in FY2006, but not in FY2007.

(8) UK requirements: UK Companies Act 1985. Australian requirements: Australian Corporations Act 2001 and relevant accounting standards.

(9) Cash awards were approved by the Remuneration Committee. They are calculated by multiplying base salary by the performance achievement for each individual as set out in the table in section 4.3. For the purpose of reporting, cash awards paid in currencies other than US dollars were converted to US dollars at the time of approval by the Committee. The amounts will be paid in local currencies.

5.5 Remuneration for OCE members continued

Explanation of terms

Dividend Equivalent Payment value

Participants who are awarded shares under the GIS and the LTIP are entitled to a payment in lieu of dividends. The Dividend Equivalent Payment is equal to the amount that would have been earned over the holding or performance period based on the number of awards that vest, and will be made to the participant on exercise. The value is included in remuneration over the period prior to exercising of the underlying awards and is defined as a cash-settled share-based payment.

Other benefits (including non-monetary benefits)

Includes medical insurance, professional fees paid in respect of tax compliance and consulting, payout of unused leave entitlements, life assurance-related benefits, reimbursement of loss of options from previous employment, car allowance, relocation allowance and expenses where applicable.

Retirement benefits

Charles Goodyear is entitled to receive 48 per cent of his base salary in the form of retirement benefits. He has elected to defer receipt and participate in the Group's Retirement Savings Plan.

The estimated benefit in respect of pensions includes contributions payable in respect of defined benefit and defined contribution arrangements and actual/notional contributions (for Miklos Salamon and KMP other than Directors) that would have been required to secure defined benefit promises earned in the year.

Value of Deferred Shares

The amounts shown represent the estimated fair value of Deferred Shares earned in the year. The fair value of the Deferred Shares is estimated at grant date by discounting the total value of the shares that will be issued in the future using the risk-free interest rate for the term of the vesting period. Deferred Shares are equity-settled share-based payments. The actual Deferred Shares will be awarded to participants following the Annual General Meetings in 2007. Participants in the GIS can elect to receive Options instead of Deferred Shares or a combination of both. In December 2006, all KMP who were eligible to participate elected to receive Deferred Shares. Once awarded (subsequent to meeting KPIs and approval at the Annual General Meetings), the only vesting condition is for participants to remain in employment for two further years. Accordingly, the number of shares (if any) that will ultimately vest cannot be determined until the service period has been completed. The estimated fair value of the Deferred Shares forms part of the *at risk* remuneration appearing throughout this Report. The fair value of Deferred Shares is apportioned to annual remuneration based on the expected future service period, which is normally three years. The vesting of Deferred Shares may be accelerated in the event of leaving or retirement from the Group, in which case the expected future service period is amended.

Long-term incentive awards

Long-term incentive awards is defined as an equity-settled share-based payment in the form of shares. The amount in respect of long-term incentive awards represents the estimated fair value of Performance Shares granted under the LTIP. The estimated fair value has been independently determined using a Monte Carlo simulation methodology taking account of Performance Hurdles, the exercise price, the term of the award, the share price at grant date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the award. Details of outstanding awards and awards vesting in the year are set out in the tables in section 5.2 of this Report. The estimated fair value of the award made in any year is allocated in equal amounts to each of the years during the vesting period. The fair value of Performance Shares is apportioned to annual remuneration based on the expected future service period, which is normally five years. Where entitlements to Performance Shares are preserved on leaving or retirement from the Group, the expected future service period is amended.

6. Non-executive Directors

The aggregate sum available to remunerate non-executive Directors is currently US\$3 million. This sum was redenominated from A\$3 million at the 2006 Annual General Meetings to align it with the basis on which fees are set and with the currency used for all our reporting purposes.

The remuneration rates reflect the size and complexity of the Group, the multi-jurisdictional environment arising from the Dual Listed Companies structure, the multiple stock exchange listings, the extent of the geographic regions in which we operate and the enhanced responsibilities associated with membership of Board Committees. They also reflect the considerable travel burden imposed on members of the Board.

The Board is conscious that just as it must set remuneration levels to attract and retain talented executives, so it must ensure that remuneration rates for non-executive Directors are set at a level that will attract the calibre of Director necessary to contribute effectively to a high-performing Board. Fees for the Chairman and the non-executive Directors were reviewed in August 2007 in accordance with the policy of conducting annual reviews. The accompanying table sets out the fees before and after the 2007 review.

Non-executive Directors are not eligible to participate in any of our incentive arrangements. A standard letter of appointment has been developed for non-executive Directors and is available on our website. Each non-executive Director is appointed subject to periodic re-election by shareholders (see page 39 of this Annual Review for an explanation of the process). There are no provisions in any of the non-executive Directors' appointment arrangements for compensation payable on early termination of their directorship. Dates of appointment of Directors appear on pages 28 to 31 of this Annual Review.

Levels of fees and travel allowances for non-executive Directors		
US dollars	At 1 July 2007	At 1 July 2006
Base fee	121,000	110,000
Plus additional fees for:		
Senior Independent Director of BHP Billiton Plc	25,000	25,000
Committee Chair:		
Risk & Audit	45,000	45,000
Remuneration	30,000	30,000
Sustainability	30,000	30,000
Nomination	No additional fees	No additional fees
Committee membership:		
Risk & Audit	25,000	25,000
Remuneration	20,000	20,000
Sustainability	20,000	17,000
Nomination	No additional fees	No additional fees
Travel allowance:		
Greater than 3 but less than 12 hours	5,000	5,000
Greater than 12 hours	10,000	10,000
Chairman's remuneration	825,000	750,000

6.1 Retirement benefits

The following table sets out the accrued retirement benefits under the now-closed Retirement Plan of BHP Billiton Limited, together with any entitlements obtained by the compulsory Group contributions to the BHP Billiton Superannuation Fund. The Retirement Plan was closed on 24 October 2003 and entitlements that had accumulated in respect of each of the participants were frozen. These will be paid on retirement. An earnings rate equal to the five-year Australian Government Bond Rate is being applied to the frozen entitlements from that date.

US dollars				
Name	Completed service at 30 June 2007 (years)	Increase in lump sum entitlement during the year ⁽¹⁾	Lump sum entitlement at	
			30 June 2007	30 June 2006
Don Argus	10	384,578	1,741,025	1,356,447
David Crawford	13	183,466	603,403	419,937
David Jenkins	7	33,876	257,933	224,057
John Schubert	7	47,993	231,948	183,955

Note

⁽¹⁾ On closure of the Retirement Plan, no further entitlements have accrued. The increase reflects the accrual at the date of closure, together with the application of the earnings rate and foreign exchange rate.

6.2 Remuneration

The table that appears in this section has been prepared in accordance with the requirements of the UK Companies Act 1985 and the Australian Corporations Act 2001 and relevant accounting standards.

US dollars		Short-term benefits					Subtotal: UK requirements ⁽²⁾	Post-employment benefits	Total: Australian Requirements ⁽²⁾
		Fees	Committee Chair fees	Committee membership fees	Travel allowances	Other benefits (non-monetary) ⁽¹⁾		Retirement benefits ⁽³⁾	
Paul Anderson	2007	110,000	–	17,000	55,000	–	182,000	–	182,000
	2006	6,944	–	1,042	3,000	–	10,986	–	10,986
Don Argus	2007	750,000	–	–	30,000	–	780,000	38,651	818,651
	2006	658,333	–	–	25,500	35,545	719,378	33,299	752,677
David Brink	2007	110,000	22,500	25,000	40,000	3,184	200,684	–	200,684
	2006	97,500	25,000	20,000	24,500	7,125	174,125	–	174,125
John Buchanan	2007	135,000	30,000	–	35,000	–	200,000	–	200,000
	2006	117,500	25,000	–	18,500	9,071	170,071	–	170,071
Carlos Cordeiro	2007	110,000	–	20,000	55,000	1,830	186,830	–	186,830
	2006	97,500	–	8,997	45,500	–	151,997	–	151,997
David Crawford	2007	110,000	45,000	–	30,000	2,794	187,794	7,989	195,783
	2006	97,500	40,000	–	33,000	8,920	179,420	7,109	186,529
E. Gail de Planque	2007	110,000	–	37,000	64,500	1,830	213,330	–	213,330
	2006	70,125	–	10,042	19,500	194	99,861	–	99,861
David Jenkins	2007	110,000	–	45,000	45,000	990	200,990	–	200,990
	2006	97,506	–	35,000	35,000	13,426	180,932	–	180,932
Jacques Nasser	2007	110,000	–	25,000	50,000	–	185,000	–	185,000
	2006	6,944	–	1,389	3,000	–	11,333	–	11,333
John Schubert	2007	110,000	7,500	17,000	20,000	125	154,625	6,546	161,171
	2006	97,500	–	15,000	25,500	7,434	145,434	5,805	151,239
Former Directors ⁽⁴⁾	2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2006	76,282	–	6,096	22,000	11,607	115,985	1,977	117,962

Notes

⁽¹⁾ Other benefits include professional fees and reimbursements of the cost of travel, accommodation and subsistence for the Director, and where applicable, their spouse.

⁽²⁾ UK requirements: UK Companies Act 1985. Australian requirements: Australian Corporations Act 2001 and relevant accounting standards.

⁽³⁾ BHP Billiton Limited makes superannuation contributions of 9 per cent of fees paid in accordance with Australian superannuation legislation.

⁽⁴⁾ Lord Renwick and Michael Chaney served as non-executive Directors in FY2006, but not in FY2007.

7. Aggregate Directors' remuneration

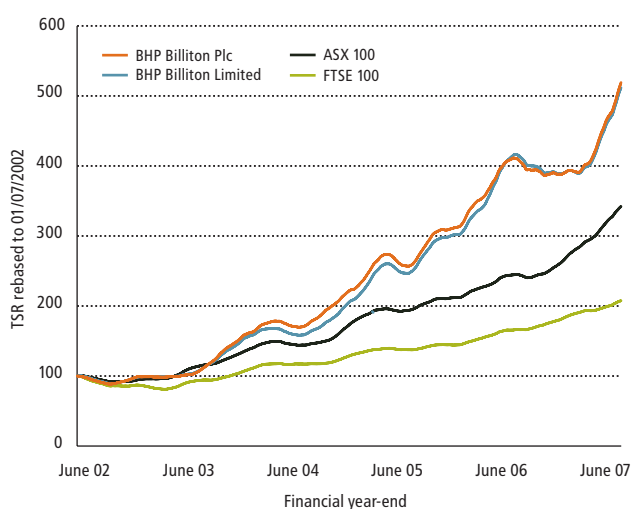
This table sets out the aggregate remuneration of executive and non-executive Directors in accordance with the requirements of the UK Companies Act 1985.

US dollars million	2007	2006
Emoluments	12	11
Termination payments	–	–
Awards vesting under long-term incentive schemes	19	17
Gains on exercise of Options	–	–
Pension contributions	2	1
Total	33	29

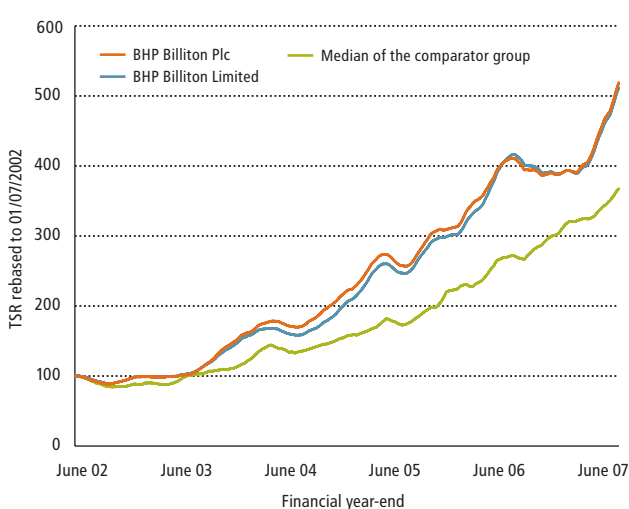
8. Group performance

The performance of the Group relative to the markets in which it operates over the past five years is illustrated by the two charts below. The first compares our TSR performance with that of the ASX 100 and the FTSE 100, both of which are broadly-based indices. The second illustrates performance against the LTIP's peer group index (the relevant companies are listed in section 5.2 of this Report). The Committee believes that the broadly-based indices and the index of peer group companies are the most appropriate benchmarks for measuring our performance. For FY2007, the total return to BHP Billiton Limited shareholders (as measured by the change in share price plus dividends reinvested) was 23.46 per cent. Over the same period the total return to BHP Billiton Plc shareholders (measured on the same basis) was 26.48 per cent. The TSR performance for BHP Billiton Limited is inclusive of the bonus share awards relating to BHP Limited (pre-merger) and is adjusted for the demerger of OneSteel Limited, and for both BHP Billiton Limited and BHP Billiton Plc is adjusted for the demerger of BHP Steel Limited (now known as BlueScope Steel Limited).

Five-year TSR performance of BHP Billiton measured against the ASX 100 and FTSE 100 – Rebased in US\$



Five-year TSR performance of BHP Billiton measured against the LTIP comparator group – Rebased in US\$



9. Earnings performance

Earnings performance over the last five years is represented by profit attributable to BHP Billiton shareholders and is detailed in the table below. ⁽¹⁾

US dollars million	Profit attributable to shareholders ⁽²⁾
FY2007	13,675
FY2006	10,154
FY2005	6,426
FY2004	3,510
FY2003	1,920

Notes

- ⁽¹⁾ The impact on TSR and earnings of the share buy-back program was considered when assessing the relative performance of the Group.
⁽²⁾ 2005 to 2007 are prepared in accordance with IFRS. 2003 and 2004 are prepared in accordance with UK GAAP. Amounts are stated before exceptional items.

10. Share prices

The share prices of BHP Billiton Limited and BHP Billiton Plc on 30 June 2007 were A\$35.03 and £13.90 respectively. BHP Billiton Limited's highest and lowest share prices in the year ended 30 June 2007 were A\$35.38 (22 June 2007) and A\$23.86 (8 January 2007) respectively. BHP Billiton Plc's highest and lowest share prices in the year ended 30 June 2007 were £13.90 (21, 25 and 29 June 2007) and £8.53 (25 September 2006) respectively.

This Report was approved by the Board on 6 September 2007 and signed on its behalf by:

John Buchanan
Chairman, Remuneration Committee

6 September 2007