

Edgar Filing: RIO TINTO PLC - Form 11-K

RIO TINTO PLC  
Form 11-K  
November 03, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 11-K  
-----

ANNUAL REPORT PURSUANT TO SECTION 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark one)

ANNUAL report pursuant to section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2003

or

Transition report pursuant to Section 15(d) of the Securities Exchange Act

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-10533

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

Rio Tinto plc, 6 St. James's Square, London, SW1Y 4LD, England

Page 1 of 17

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES

CONTENTS

Report of Independent Registered Public Accounting Firm .....3

Financial Statements:

Statements of Assets Available  
for Benefits.....4

Edgar Filing: RIO TINTO PLC - Form 11-K

Statements of Changes in Assets  
Available for Benefits.....5

Notes to Financial Statements.....6 - 12

Supplemental Schedule:

Schedule H, line 4i - Schedule of Assets Held for Investment  
Purposes at December 31, 2003.....14

Supplemental schedules required by the Employee Retirement Income Security Act of 1974 that are omitted are not applicable to the Kennecott Corporation Savings Plan for Hourly Employees.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of  
the Kennecott Corporation Savings Plan for Hourly Employees

In our opinion, the accompanying statements of assets available for benefits and the related statements of changes in assets available for benefits present fairly, in all material respects, the assets available for benefits of the Kennecott Corporation Savings Plan for Hourly Employees (the "Plan") at December 31, 2003 and 2002, and the changes in assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held for Investment Purposes at December 31, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 2003 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP  
PricewaterhouseCoopers LLP  
Salt Lake City, Utah  
September 23, 2005

Edgar Filing: RIO TINTO PLC - Form 11-K

Page 3 of 17

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES

Statements of Assets Available for Benefits

As of December 31, 2003 and 2002

	2003 -----	2002 -----
Assets -----		
Investments	\$44,184,371	\$40,405,282
Receivables:		
Employee contributions	85,056	112,685
Employer contributions	25,771	34,090
	-----	-----
Assets available for benefits	\$44,295,198 =====	\$40,552,057 =====

The accompanying notes are an integral part of the financial statements

Page 4 of 17

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES

Statements of Changes in Assets Available for Benefits

for the years ended December 31, 2003 and 2002

	2003 -----	2002 -----
Investment income (loss):		
Interest and dividends	\$ 1,149,776	\$ 1,296
Net appreciation (depreciation) in fair value of investments	5,682,975	(6,314)
	-----	-----
Total investment income (loss):	6,832,751	(5,018)
	-----	-----
Contributions:		
Employee contributions	2,514,160	2,831

Edgar Filing: RIO TINTO PLC - Form 11-K

Employer contributions	697,566	842
	-----	-----
Total contributions	3,211,726	3,674
	-----	-----
Deductions:		
Administrative fees	(15,986)	(13)
Benefits paid to participants	(6,285,350)	(8,392)
	-----	-----
Total deductions	(6,301,336)	(8,406)
	-----	-----
Net increase (decrease)	3,743,141	(9,750)
Assets available for benefits:		
Beginning of year	40,552,057	50,302
	-----	-----
End of year	\$ 44,295,198	\$ 40,552
	=====	=====

The accompanying notes are an integral part of the financial statements

Page 5 of 17

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Kennecott Corporation Savings Plan for Hourly Employees (the Plan) have been prepared on the accrual basis of accounting.

The Plan presents in the statements of changes in assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Use of Estimates - The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets available for benefits at the date of the financial statements, the changes in assets available for benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties - The Plan provides for various investment options, in any combination of stocks, bonds, mutual funds and other investment securities as designated by the employee. Investment securities are exposed to various risks, such as interest rate and market fluctuations and credit risk. Due to the level of risk associated with certain investment securities, changes in the values of investment securities may occur in the near term. Such changes could materially affect participants' account balances and the amounts reported in the statements of assets available for

## Edgar Filing: RIO TINTO PLC - Form 11-K

benefits.

Payments of Benefits - Benefits are recorded when paid.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value except for its insurance contracts, which are valued at contract value (Note 3). Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

### 2. DESCRIPTION OF THE PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the summary Plan description, "Savings Plan for Hourly Employees," which provides a detailed discussion of the Plan, benefits and vesting of participants.

Page 6 of 17

### KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES NOTES TO FINANCIAL STATEMENTS

### 2. DESCRIPTION OF THE PLAN, (continued)

General - The Plan is a defined contribution plan covering eligible, union represented hourly employees of Kennecott Utah Copper Corporation and Participating Companies (collectively the Company), as defined in the Plan. Kennecott Utah Copper Corporation is an indirect wholly-owned subsidiary of Rio Tinto America Inc., which is an indirect wholly-owned subsidiary of Rio Tinto plc.

Rio Tinto plc and Rio Tinto Limited entered into a dual listed companies merger in 1995 with the effect that the two companies operate as one business organization. All eligible union represented hourly full-time employees of the Company can participate in the Plan immediately after completing three months of continuous service.

Contributions - An eligible participant may make a contribution of 1% to 19% of his/her salary on a before-tax basis via payroll deduction up to a maximum of \$12,000 for 2003 and \$11,000 for 2002. Contributions are allocated among 17 investments, as designated by the participant. The Company matches employee contributions \$0.50 for every dollar contributed by the participant, up to 6% of base wages. The Company match is invested in the same manner as the employee's contributions.

Participant Accounts - Each participant's investment account is credited with the participant's contributions and an allocation of the Company's contributions and Plan earnings and is charged with an allocation of investment management fees. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each participant may cause some or all of his or her current or cumulative contributions, including any amounts contributed by the Company as match

## Edgar Filing: RIO TINTO PLC - Form 11-K

contributions, to be invested in one or more of the investments made available through the Plan.

Vesting - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company contribution portion of their account plus earnings thereon is based on years of service. As of January 1, 2002, a participant is 100% cliff vested after three years of credited service. In the event of death or permanent disability, a participant becomes fully vested in the Company contributions and earnings thereon.

Payment of Benefits - On termination of service, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in a lump-sum amount.

Page 7 of 17

### KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES NOTES TO FINANCIAL STATEMENTS

#### 2. DESCRIPTION OF THE PLAN, (continued)

Account Forfeitures - Forfeited non-vested amounts are used to reduce Company contributions. Forfeitures from the Plan were \$20,631 and \$9,018 for the years ending December 31, 2003 and 2002, respectively. On a periodic basis, the Plan Administrator directs that accumulated, multi-year forfeitures be used to offset employer contributions. The last time this occurred was for the year ended December 31, 2003 in the amount of \$52,266. There was no such offset directed for the year ended December 31, 2002. As of December 31, 2003, the Plan had \$41,944 of unused, forfeited non-vested amounts.

Administrative - The Administrative Committee, consisting of three or more persons appointed by the Board of Directors of Kennecott Utah Copper Corporation, administers the Plan. The Administrative Committee has the sole power and responsibility to interpret and construe the provisions of the Plan and decide on any disputes, and in general, to direct the administration of the Plan.

Expenses - Putnam manages all investments except for the Plan's Dwight Stable Value Fund. The Company pays all other costs and expenses incurred in administering the Plan. A third party investment manager manages the Plan's Dwight Stable Value Fund. The investment manager receives an investment management fee at an annual rate of 0.9% of the Dwight Stable Value Fund's fair value calculated based on the Fund's average month-end balance for each calendar quarter and paid quarterly. The investment management fees totaling \$15,967 and \$13,986 for the years ended December 31, 2003 and 2002, respectively, were paid by participants of the Dwight Stable Value Fund. Transaction costs associated with the purchase or sale of Rio Tinto plc ADRs are paid by the participant.

Plan Termination - The terms of the Plan may be amended, modified or discontinued after the effective date of the Savings Plan Agreement. Such amendment, modification or discontinuance may occur pursuant to negotiations for employees at Kennecott Utah Copper Corporation who are represented by the labor organizations that are jointly referred to as the Union, or as required by law or to gain Internal Revenue Service approval. No change, however, shall make it possible for any part of the funds of the Plan to be used for or diverted to purposes other than for the exclusive

## Edgar Filing: RIO TINTO PLC - Form 11-K

benefit of participants or their beneficiaries. In addition, no change shall adversely affect the rights of any participant with respect to contributions made prior to the date of the change.

If the Plan is terminated in accordance with the terms described in the preceding paragraph, each participant's account shall become fully vested and nonforfeitable and distribution of Plan assets shall be made as directed by the Administrative Committee.

Page 8 of 17

### KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES NOTES TO FINANCIAL STATEMENTS

#### 3. INCOME TAX STATUS

The Plan obtained its latest determination letter on December 9, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

#### 4. PARTIES-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Putnam Investments. Putnam Investments is the trustee as defined by the Plan, therefore, these transactions qualify as party-in-interest transactions.

Transactions associated with Rio Tinto plc ADRs are considered party-in-interest transactions since Rio Tinto plc is the parent of the Company.

#### 5. INVESTMENTS

Investments in common collective trust funds are stated at fair value based upon the market value of the underlying securities, as determined or provided by the Trustee. Collective trust funds represent investments in pooled funds. Investments are purchased and sold at the fair value of the underlying securities and receive the interest and dividend earnings of the underlying securities.

Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end.

Investments in common stock are stated at fair value based on quoted market prices.

The Plan invests in both group annuity contracts and synthetic investment contracts. The Plan has entered into investment contracts with various insurance companies. The Plan maintains the contributions in a pooled account. The account is credited with earnings on the underlying investments and charged for Plan withdrawals and administrative expenses

## Edgar Filing: RIO TINTO PLC - Form 11-K

charged. The contracts are included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) because it is fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

Page 9 of 17

### KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES NOTES TO FINANCIAL STATEMENTS

#### 5. INVESTMENTS, (continued)

The guaranteed insurance contracts held by the Plan are accounted for at their contract value (representing invested principal plus accrued interest) as reported by the contract issuers. Synthetic investment contracts have crediting rates that reset quarterly based on a pre-determined crediting rate formula. This formula factors in the contract value, the market value, the yield to maturity and the underlying fixed income investments. In all cases, the contract value is determined by increasing the principal balance by accrued interest that is based on the contract value crediting rate of each contract.

Synthetic investment contracts are comprised of both investment and contractual components. The investment component consists of securities or units of a commingled pooled fund of fixed-income securities, referred to as the underlying investments. Underlying investments may include, but are not limited to:

- o Units of collective investment trusts ("CITs"), shares of mutual funds, or actively managed accounts, which may include CITs and mutual funds which provide for contract value accounting as part of the CIT or mutual fund structure. Any CIT or mutual fund investment has a stated target minimum average credit rating of "AA".
- o U.S. Treasuries and other securities backed by the full faith and credit of the U.S. Government.
- o Securities rated "AAA" at time of purchase and issued by U.S. Government Sponsored Entities.
- o Other fixed income investments such as mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, corporate debt obligations and structured notes, in each case rated "AAA" at the time of purchase.

The underlying investments are "wrapped" by contracts issued by third-party financial institutions. These wrap contracts provide benefit withdrawals and investment exchanges at the full contract values of the synthetic contracts (i.e. principal plus accrued interest) notwithstanding the actual market value of the underlying investments (i.e. fair value of security plus accrued interest). In this manner, wrap contracts are designed to smooth out the impact of normal market fluctuations associated with the performance of the underlying investments.

The difference between the market value of the underlying investments and the reported value of the synthetic contract is generally the implicit value of the wrap contract. A positive value implies that the wrap contract issuer is obligated to the Fund for the indicated amount in the event of



Edgar Filing: RIO TINTO PLC - Form 11-K

benefit withdrawals and or investment exchanges from the contract. A negative value for the wrap contract indicates that the market value of the underlying investment exceeds the contract value.

Page 10 of 17

KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS, (continued)

The crediting rate of a particular synthetic contract is reset on a fixed schedule basis and is thus tied to the performance of the underlying investments.

DESCRIPTION AND UNDERLYING INVESTMENTS	TOTAL FAIR VALUE	WRAPPER VALUE	CONTRACT VALUE
SYNTHETIC GUARANTEED CONTRACTS			
Monumental Life Insurance Company			
MDA00039TR, no set maturity date, 5.15%	\$ 2,817,154	\$ (130,176)	\$ 2,686,978
Transamerica Life Insurance Company			
TDA76580TR-0, no set maturity date, 5.54%	1,786,400	(115,643)	1,670,757
State Street Bank			
99037, no set maturity date, 3.98%	4,822,884	(90,970)	4,731,914
State Street Bank			
101138, no set maturity date, 6.07%	1,721,356	(91,125)	1,630,231
	-----	-----	-----
TOTAL SYNTHETIC GUARANTEED CONTRACTS	\$11,147,794	\$ (427,914)	\$10,719,880
	=====	=====	=====

At December 31, 2003 and 2002, all investments were held by Putnam Investments.

During 2003 and 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by \$5,682,975 and \$(6,314,441), respectively.

	2003	2002
	-----	-----
Common Collective Trust	\$ 187,123	\$ (840,583)
Mutual Funds	4,366,189	(5,542,298)
Common Stock	1,129,663	68,440
	-----	-----
	\$ 5,682,975	\$ (6,314,441)
	=====	=====

Page 11 of 17

## Edgar Filing: RIO TINTO PLC - Form 11-K

### KENNECOTT CORPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES NOTES TO FINANCIAL STATEMENTS

#### 5. INVESTMENTS, (continued)

The following information presents the fair value of all investments by type of investment as of December 31, 2003 and 2002:

	2003	2002
	-----	-----
<b>Money Market</b>		
Mellon Bank - STIF Account	\$ 93,674	\$ --
The Boston Company - STIF Account	--	92,603
	-----	-----
	\$ 93,674	\$ 92,603
	-----	-----
<b>Common Collective Trust</b>		
SEI Stable Asset Fund	4,697,103 *	2,171,233 *
Putnam S&P 500 Index Fund	3,558,411 *	3,099,055 *
	-----	-----
	8,255,514	5,270,288
	-----	-----
<b>Mutual Fund</b>		
Managers Special Equity Fund	835,088	453,967
Dreyfus Mid-Cap Value Fund	843,817	300,572
PIMCO Total Return Fund	1,548,236	1,849,645
MSIF Institutional International Equity Fund	181,079	76,813
Dodge & Cox Stock Fund	531,886	319,449
UAM/ICM Small Company Fund	461,908	357,538
Putnam Asset Allocation: Growth Fund	298,293	238,683
Putnam Asset Allocation: Balanced Fund	232,345	190,555
Putnam Asset Allocation: Conservative Fund	222,702	135,580
Putnam International Equity Fund	2,429,618 *	2,156,020 *
Putnam Investors Fund	494,379	388,478
Putnam Fund for Growth and Income	5,228,096 *	4,739,944 *
Putnam New Opportunities Fund	5,022,937 *	4,086,046 *
Putnam Voyager Fund	2,664,377 *	2,342,597 *
	-----	-----
	20,994,761	17,635,887
	-----	-----
<b>Guaranteed Insurance Contracts</b>		
Monumental Life Insurance Company	385,603	741,592
Transamerica Life Insurance Company	--	1,012,177
Monumental Life Insurance Company	--	1,193,281
Pacific Mutual Insurance Company	--	745,816
	-----	-----
	385,603	3,692,866
	-----	-----
<b>Synthetic Guaranteed Contracts</b>		
Monumental Life Insurance Company	2,686,978 *	2,708,328 *
Transamerica Life Insurance Company	1,670,757	1,717,719
State Street Bank	4,731,914 *	4,474,288 *
State Street Bank	1,630,231	1,607,484
	-----	-----
	10,719,880	10,507,819
	-----	-----
<b>Common Stock</b>		
Rio Tinto plc ADRs	3,734,939 *	3,205,819 *

Edgar Filing: RIO TINTO PLC - Form 11-K

	-----	-----
Total Investments	\$44,184,371	\$40,405,282
	=====	=====

Page 12 of 17

SUPPLEMENTAL SCHEDULE

Page 13 of 17

KENNECOTT COPORATION SAVINGS PLAN FOR HOURLY EMPLOYEES  
FORM 5500 DETAIL SCHEDULE

Schedule H, line 4i - Schedule of Assets Held for Investment Purposes at Dec

(a)	(b)	(c)
Identity of issue, borrower, lessor or similar party		Description of investment including maturity d rate of interest, collateral, par or maturity
Mellon Bank - STIF Account		Money Market
SEI Stable Asset Fund		Common Collective Trust
(2) Putnam S&P 500 Index Fund		Common Collective Trust
		Total Common Collective Trusts
Managers Special Equity Fund		Mutual Fund
Dreyfus Mid-Cap Value Fund		Mutual Fund
PIMCO Total Return Fund		Mutual Fund
MSIF Institutional International Equity Fund		Mutual Fund
Dodge & Cox Stock Fund		Mutual Fund
UAM/ICM Small Company Fund		Mutual Fund

Edgar Filing: RIO TINTO PLC - Form 11-K

(2) Putnam Asset Allocation: Growth Fund	Mutual Fund
(2) Putnam Asset Allocation: Balanced Fund	Mutual Fund
(2) Putnam Asset Allocation: Conservative Fund	Mutual Fund
(2) Putnam International Equity Fund	Mutual Fund
(2) Putnam Investors Fund	Mutual Fund
(2) Putnam Fund for Growth and Income	Mutual Fund
(2) Putnam New Opportunities Fund	Mutual Fund
(2) Putnam Voyager Fund	Mutual Fund

Total Mutual Funds

Monumental Life Insurance Company	GIC, final due 06/15/04, 6.60%
-----------------------------------	--------------------------------

Total GICs

Monumental Life Insurance Company	Synthetic GIC, Dwight Managed Target 2, no specified maturity date, 5.15%
Monumental Life Insurance Company	Synthetic GIC, Dwight Managed Target 5, no specified maturity date, 5.15%
Monumental Life Insurance Company	Wrap contract

Transamerica Occidental Life Insurance Co.	Synthetic GIC, Dwight Managed Target 5, no specified maturity date, 5.54%
Transamerica Occidental Life Insurance Co.	Wrap contract

State Street Bank	Synthetic GIC, Dwight Core Int Fund, no specified maturity date, 6.07%
State Street Bank	Wrap contract

State Street Bank	Synthetic GIC, Dwight Managed Target 2, no specified maturity date, 3.98%
State Street Bank	Synthetic GIC, Dwight Managed Target 5, no specified maturity date, 3.98%
State Street Bank	Wrap contract

Total Synthetic Guaranteed Investment Contract

(2) Rio Tinto plc ADRs	Common Stock
------------------------	--------------

Total Investments

Page 14 of 17

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

KENNECOTT CORPORATION SAVINGS PLAN  
FOR HOURLY EMPLOYEES

Edgar Filing: RIO TINTO PLC - Form 11-K

By: /s/ Robert L. Light

-----  
Name: Robert L. Light  
Title: Chief Financial Officer

Date: November 2, 2005

Page 15 of 17

Exhibit -----	Description -----
23.1	Consent of PricewaterhouseCoopers LLP

Page 16 of 17