

Edgar Filing: RIO TINTO PLC - Form 11-K

RIO TINTO PLC  
Form 11-K  
June 30, 2006

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, 2005

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 18

KENNECOTT CORPORATION SAVINGS PLAN  
FOR HOURLY EMPLOYEES  
TABLE OF CONTENTS  
-----

	PAGE
	----
Report of Independent Registered Public Accounting Firm	3
Financial Statements:	

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

Statements of Assets Available for Benefits as of December 31, 2005 and 2004	4
Statement of Changes in Assets Available for Benefits for the year ended December 31, 2005	5
Notes to Financial Statements	6 - 13
Supplemental Schedule - Schedule H, Part IV, line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2005	14 - 15
All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable to the Kennecott Corporation Savings Plan for Hourly Employees.	
Signature	16
Exhibits	17-18

Page 2 of 18

REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

The Plan Administrator (Vice President Human Resources of  
Kennecott Utah Copper Corporation)  
Kennecott Corporation Savings Plan for Hourly Employees

We have audited the accompanying statements of assets available for benefits of the Kennecott Corporation Savings Plan for Hourly Employees (the Plan) as of December 31, 2005 and 2004 and the related statement of changes in assets available for benefits for the year ended December 31, 2005. 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 in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Kennecott Corporation Savings Plan for Hourly Employees as of December 31, 2005 and 2004, and the changes in assets available for benefits for the year ended December 31,

Edgar Filing: RIO TINTO PLC - Form 11-K

2005 in conformity with U.S. generally accepted accounting principles.

Our audits of the financial statements were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2005 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 United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management and has been subjected to the auditing procedures applied in the audits of the 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/ Tanner LC

Salt Lake City, Utah  
June 28, 2006

Page 3 of 18

KENNECOTT CORPORATION SAVINGS PLAN  
FOR HOURLY EMPLOYEES  
STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,

	2005	2004
-----		
ASSETS		
-----		
Investments	\$ 47,530,173	\$ 44,832,506
Receivables:		
Employee contributions	--	83,242
Employer contributions	--	25,203
		-----
Total receivables	--	108,445
		-----
Assets available for benefits	\$ 47,530,173	\$ 44,940,951
	=====	=====
-----		

See accompanying notes to financial statements.

Page 4 of 18

KENNECOTT CORPORATION SAVINGS PLAN  
FOR HOURLY EMPLOYEES  
STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS

Edgar Filing: RIO TINTO PLC - Form 11-K

YEAR ENDED DECEMBER 31, 2005

-----	
ADDITIONS TO ASSETS ATTRIBUTED TO:	
Contributions:	
Employee	\$ 2,359,260
Employer	672,822
	-----
Total contributions	3,032,082
	-----
Investment income:	
Net appreciation in fair value of investments	3,101,527
Interest and dividends	1,554,575
	-----
Total investment income	4,656,102
	-----
Total additions	7,688,184
	-----
DEDUCTIONS FROM ASSETS ATTRIBUTED TO:	
Transfers to the Rio Tinto America Inc. Savings Plan	1,620,480
Benefits paid to participants	3,478,357
Administrative expenses	125
	-----
Total deductions	5,098,962
	-----
Increase in assets available for benefits	2,589,222
ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	44,940,951
	-----
End of year	\$ 47,530,173
	=====
-----	

See accompanying notes to financial statements.

Page 5 of 18

KENNECOTT CORPORATION SAVINGS PLAN  
FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS

- |                            |   |
|----------------------------|---|
| 1. DESCRIPTION OF THE PLAN | The following brief description of the Kennecott Corporation Savings Plan for Hourly Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan document |
|----------------------------|---|

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

and the summary plan description for more complete information.

### GENERAL

The Plan is a defined contribution plan covering all full-time hourly employees who are represented by or included in a collective bargaining unit of Kennecott Utah Copper Corporation and its affiliates (collectively, the Company), as defined in the Plan document. Eligible employees can participate in the Plan immediately after completing three months of continuous service. 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 (the Parent). The Plan is intended to be a qualified retirement plan under the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

### CONTRIBUTIONS

Each year, participants may elect under a salary reduction agreement to contribute to the Plan an amount not less than 1% and not more than 19% of their eligible compensation on a before-tax basis through payroll deductions. Contributions are limited by the IRC, which established a maximum contribution of \$14,000 (\$18,000 for participants over age 50) for the year ended December 31, 2005. Participant contributions are recorded in the period during which the amounts are withheld from participant earnings. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company matches the participant's contributions to the Plan at 50%, up to the first 6% of their eligible compensation. Matching contributions are recorded on the date the related participant contributions are withheld.

Page 6 of 18

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

1. DESCRIPTION OF  
THE PLAN  
CONTINUED

#### PARTICIPANT ACCOUNTS

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contributions, the Company's matching contribution, and an allocation of the Plan's earnings, and is charged with withdrawals and an allocation of the Plan's losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested

account.

PARTICIPANT-DIRECTED OPTIONS FOR INVESTMENTS

Participants direct the investment of their contributions and the Company matching contributions into various investment options offered by the Plan. Investment options include a money market fund, common collective trusts, mutual funds, synthetic guaranteed investment contracts and common stock of the Parent in the form of American Depository Receipts (ADRs).

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is 100% cliff vested after three years of credited service.

PAYMENT OF BENEFITS

On termination of service due to death, disability, or retirement, participants or their beneficiaries may elect to receive a lump-sum distribution in an amount equal to the value of the participants' vested interests in their accounts. Under certain circumstances, participants may withdraw their contributions prior to the occurrence of these events.

TRANSFERS

Along with the Plan, the Company also sponsors other 401(k) plans that cover non-represented employees. If employees change from union to non-union status during the year, their account balances are transferred from the Plan to the non-union plan. For the year ended December 31, 2005, transfers out of the Plan totaled \$1,620,480.

Page 7 of 18

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

- 
- |                                      |  |
|--------------------------------------|--|
| 1. DESCRIPTION OF THE PLAN CONTINUED | FORFEITED ACCOUNTS<br>Forfeited non-vested participant account balances may be used to reduce future Company contributions to the Plan. There were no forfeitures utilized for these purposes during the year ended December 31, 2005. Forfeitures were \$8,197 for the year ended December 31, 2005. As of December 31, 2005 and 2004, the balance of the forfeiture account was \$22,025 and \$13,828, respectively. |
| 2. SUMMARY OF SIGNIFICANT ACCOUNTING | BASIS OF PRESENTATION<br>The financial statements of the Plan have been prepared on the accrual basis of accounting in   |

Edgar Filing: RIO TINTO PLC - Form 11-K

POLICIES

accordance with U.S. generally accepted accounting principles.

USE OF ESTIMATES

The preparation of the Plan's financial statements in conformity with U.S. generally accepted accounting principles requires Plan management 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 investments in securities that are exposed to various risks, such as interest rate, currency exchange rate, credit and overall market fluctuation. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of assets available for benefits.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are stated at fair value (generally quoted market price) except for its benefit-responsive guaranteed investment contracts, which are stated at contract value (see Note 6). Shares of mutual funds are stated at quoted market prices, which represent the net asset value of shares held by the Plan at year end.

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

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES  
CONTINUED

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

PAYMENTS OF BENEFITS

Benefits payments are recorded when paid by the Plan.

ADMINISTRATIVE EXPENSES

The Company pays the majority of costs and expenses incurred in administering the Plan.

The Plan has several fund managers that manage the investments held by the Plan. During the year ended December 31, 2005, the Company paid all investment management fees related to these investment funds.

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

The investment management fees related to transaction costs associated with the purchase or sale of Rio Tinto plc ADRs are paid by the participants.

### PARTICIPANT LOANS

Loans are not permitted to be made to participants in the Plan.

### NEW ACCOUNTING PRONOUNCEMENT

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution, Health and Welfare and Pension Plans (FSP). This FSP makes the definition of benefit-responsive more restrictive so that certain investment contracts currently reported at contract value may be reported at fair value. Management has not yet determined the impact this standard, which is effective for the Plan year ending December 31, 2006, will have on the Plan's financial statements.

Page 9 of 18

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

3. PARTIES-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Putnam Investments, the Plan trustee, therefore, these transactions are exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

Transactions associated with Rio Tinto plc ADRs are considered exempt party-in-interest transactions because Rio Tinto plc is the parent of the Company. As of December 31, 2005 and 2004, the Plan held 33,950.034 and 30,627.477 shares, respectively, of common stock of Rio Tinto plc, with a cost basis of \$3,053,212 and \$2,144,056, respectively. During the year ended December 31, 2005, the Plan recorded dividend income of \$107,456 related to these shares.

4. INVESTMENTS

The Plan's investments that represented five percent or more of the Plan's assets available for benefits as of December 31, 2005 and 2004 are as follows:

	2005	2004
Dodge & Cox Stock Fund	\$ 6,434,011	\$ *
Rio Tinto plc ADRs	6,205,727	3,651,102
State Street Bank Synthetic GIC	4,485,340	4,920,475



Edgar Filing: RIO TINTO PLC - Form 11-K

SEI Stable Asset Fund	4,459,585	3,726,143
Putnam S&P 500 Index Fund	4,173,396	3,606,189
Putnam Voyager Fund	3,767,535	2,568,125
Artisan Mid Cap Fund	2,383,356	*
Putnam International Equity Fund	2,769,805	2,623,143
Monumental Life Insurance Company GIC	2,096,601	2,819,519
Putnam Fund for Growth and Income	*	5,379,788
Putnam New Opportunities Fund	*	4,661,883

\* These investments did not exceed five percent or more of total assets available for benefits in the respective year and, therefore, are not shown separately.

Page 10 of 18

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

4. INVESTMENTS  
CONTINUED

During the year ended December 31, 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Investments at fair value:	
Common stock	\$2,106,119
Mutual funds	811,138
Common collective trusts	184,270
-----	
Net appreciation in investments	\$3,101,527
=====	

5. 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 for purposes other than for the exclusive benefit of participants and/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

Edgar Filing: RIO TINTO PLC - Form 11-K

be made as directed by the Plan Administrator.

6. GUARANTEED  
INVESTMENT  
CONTRACTS

The Plan's guaranteed investment contracts are in a stable value fund. The guaranteed investment contracts are fully benefit responsive and are stated

at contract value (which represents contributions made under the contract, plus interest earned, less withdrawals and administrative expenses). The stable value fund is invested in a money market fund, a common/collective trust (the SEI Stable Asset Fund), and synthetic guaranteed investment contracts (GICs). The synthetic GICs are secured by underlying fixed income assets. The average crediting interest rates on the investment contracts was 4.76% and 4.54% for the years ended December 31, 2005 and 2004,

Page 11 of 18

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

6. GUARANTEED  
INVESTMENT  
CONTRACTS  
CONTINUED

respectively. Average duration for all investment contracts was 2.99 years and 2.96 years at December 31, 2005 and 2004, respectively. The average yield was 4.89% and 4.70% for the years ended December 31, 2005 and 2004, respectively. There are no reserves against the contract value for credit risk of the contracted issuer or otherwise.

The contract or crediting interest rates for certain stable value investment contracts are reset quarterly and are based on the market value of the portfolio of assets underlying these contracts. Inputs used to determine the crediting interest rates include each contract's portfolio market value, current yield-to-date maturity, duration and market value relative to contract value. With respect to interest rate resets, all contracts are guaranteed that the rates will not be negative.

A synthetic GIC provides for a guaranteed return on principal over a specified period of time through fully benefit-responsive wrap contracts, issued by a third party which are backed by underlying assets. The portfolio of assets underlying the synthetic GICs has an overall AAA credit quality and includes mortgages, fixed income securities and United States treasury notes and bonds. These wrap contracts provide benefit withdrawals and investment exchanges at the full contract value of the synthetic contracts (principal plus accrued interest) notwithstanding the actual market value of the underlying investments (fair value plus accrued interest).

Wrap contracts are designed to smooth out the impact

Edgar Filing: RIO TINTO PLC - Form 11-K

of normal market fluctuations associated with the performance of the underlying investments. The fair value of the synthetic GICs was \$11,800,714 and \$11,519,614 as of December 31, 2005 and 2004, respectively. The contract value of the synthetic GICs included \$24,836 and \$287,377 as of December 31, 2005 and 2004, respectively, attributable to the wrap contract providers representing the amounts by which the net value of the contracts is less than the net value of the underlying assets.

Page 12 of 18

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

7. INCOME TAX

The Internal Revenue Service has determined and informed the Company by a letter dated December 9, 2002, that the Plan and related trust were designed in accordance 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 legal 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.

Page 13 of 18

EMPLOYER

SCHEDU

(a) PARTY IN INTEREST	(b) IDENTITY OF ISSUE	(c) DESCRIPTION OF INVESTMENT	NUMBER OF UNITS
	Mellon Bank	MONEY MARKET FUND: Mellon Bank - STIF Account	94,931

Edgar Filing: RIO TINTO PLC - Form 11-K

		COMMON COLLECTIVE TRUSTS:	
*	SEI Investments	SEI Stable Asset Fund	
	Putnam	Putnam S&P 500 Index Fund	117,351
		Total Common Collective Trusts	
		MUTUAL FUNDS:	
	Dreyfus	Dreyfus Mid-Cap Value Fund	39,345
	PIMCO	PIMCO Total Return Fund	149,301
	Morgan Stanley	MSDW Institutional International Equity Fund	17,803
	Dodge and Cox	Dodge and Cox Stock Fund	6,932
	Artisan	Artisan Mid Cap Fund	2,383,356
	UAM Trust Company	UAM/ICM Small Company Fund	18,910
*	Putnam	Putnam Small Cap Fund	51,074
*	Putnam	Putnam International Equity Fund	110,170
*	Putnam	Putnam Voyager Fund	149,832
		Total Mutual Funds	

-----  
 See report of independent registered public accounting firm.

EMPLOYER

SCHEDU

(a) PARTY IN INTEREST	(b) IDENTITY OF ISSUE	(c) DESCRIPTION OF INVESTMENT	NUMBER OF UNITS
-----	-----	-----	-----
		SYNTHETIC GUARANTEED INVESTMENT CONTRACTS:	
	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%	

Edgar Filing: RIO TINTO PLC - Form 11-K

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 Contracts

*	Rio Tinto plc ADRs	COMMON STOCK	30,627
*	Putnam	PENDING ACCOUNT	332

Total Investments

-----  
See report of independent registered public accounting firm.

Page 15 of 18

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

By: /s/ Christopher Crowl

-----  
Name: Christopher Crowl  
Title: Vice President Human Resources

Date: June 29, 2006

Edgar Filing: RIO TINTO PLC - Form 11-K

Page 16 of 18

Exhibit -----	Description -----
23.1	Consent of Tanner LC

Page 17 of 18