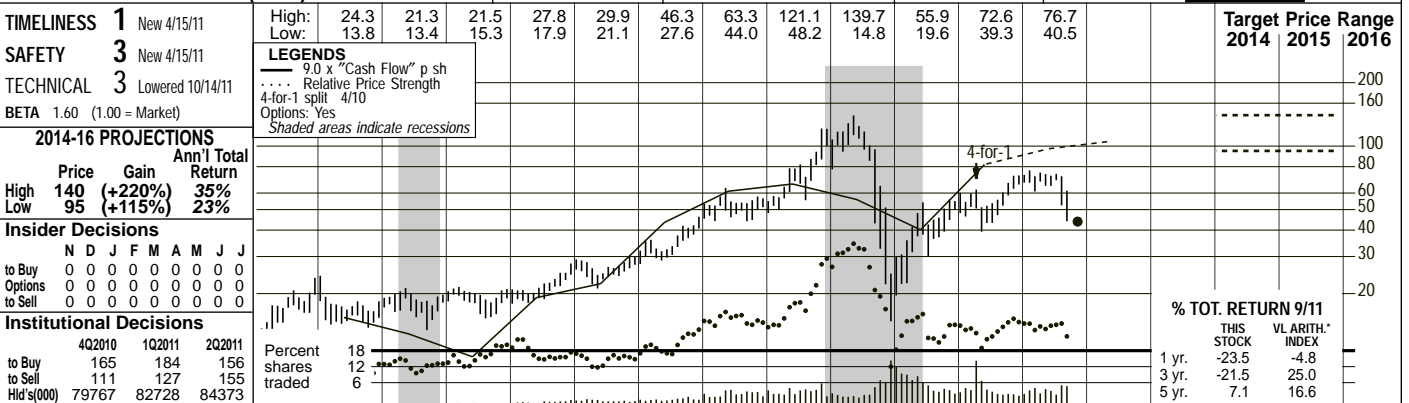


RIO TINTO PLC (ADR) NYSE-RIO

RECENT PRICE **43.87** P/E RATIO **5.1** (Trailing: 5.4 Median: 16.0) RELATIVE P/E RATIO **0.40** DIV'D YLD **3.1%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
Price	--	--	--	--	5.73	5.93	6.13	8.65	8.22	14.06	17.16	23.15	42.26	21.34	28.83	32.30	34.75	42.05	Sales per sh
Gain	--	--	--	--	1.71	1.43	1.11	2.13	2.48	4.83	6.80	7.35	6.21	4.46	9.10	10.80	11.75	15.15	"Cash Flow" per sh
Return	--	--	--	--	1.10	.76	.42	.92	1.60	3.81	5.55	5.66	3.49	3.01	7.31	8.60	9.60	12.85	Earnings per sh A
Ann'l Total	--	--	--	--	.58	.59	.68	.64	.66	.84	.82	1.16	1.52	.68	.89	1.17	1.34	1.95	Div'ds Decl'd per sh B=C
High	--	--	--	--	.70	1.08	1.03	1.56	1.71	2.08	3.05	3.90	6.68	2.75	2.34	4.00	4.10	4.50	Cap'l Spending per sh
Low	--	--	--	--	5.34	5.22	5.42	9.41	9.12	11.04	13.92	19.31	16.07	22.37	29.73	34.65	40.25	60.50	Book Value per sh C
Options to Buy	--	--	--	--	1374.4	1375.6	1376.9	1066.7	1379.9	1354.2	1309.4	1283.0	1283.9	1959.7	1962.1	1920.0	1900.00	1950.00	Common Shs Outst'g D
Options to Sell	--	--	--	--	15.2	23.7	45.1	23.4	16.2	9.1	9.3	13.1	24.9	13.1	7.7	7.7	7.7	9.0	Avg Ann'l P/E Ratio
Hlds(000)	--	--	--	--	.99	1.21	2.46	1.33	.86	.48	.50	.70	1.50	.87	.50	.50	.50	.60	Relative P/E Ratio
	--	--	--	--	3.4%	3.3%	3.6%	3.0%	2.5%	2.4%	1.6%	1.6%	1.8%	1.7%	1.6%	1.6%	1.6%	1.7%	Avg Ann'l Div'd Yield

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
LT Debt	--	--	--	--	8152.0	8443.0	9228.0	11344	19033	22465	29700	54264	41825	56576	62000	66000	62000	66000	Sales (\$mill)
LT Interest	--	--	--	--	30.6%	21.1%	27.1%	25.8%	41.7%	44.7%	36.0%	25.2%	26.1%	40.9%	44.0%	44.0%	44.0%	44.0%	Operating Margin
Cap'tal	--	--	--	--	929.0	954.0	1006.0	1204.0	1334.0	1469.0	2115.0	3475.0	3427.0	3437.0	3700	3800	3700	3800	Depreciation (\$mill)
Annual rentals	--	--	--	--	1043.9	581.0	1264.1	2215.0	5213.1	7434.8	7312.0	4503.0	5321.0	14421	17000	18500	17000	18500	Net Profit (\$mill)
Assets	--	--	--	--	36.2%	57.1%	29.1%	19.4%	27.8%	26.8%	21.2%	40.8%	26.4%	25.7%	28.0%	28.0%	28.0%	28.0%	Income Tax Rate
Liab.	--	--	--	--	12.8%	6.9%	13.7%	19.5%	27.4%	33.1%	24.6%	8.3%	12.7%	25.5%	27.4%	28.0%	28.0%	28.0%	Net Profit Margin
None	--	--	--	--	d1249	d968.0	557.0	1658.0	2695.0	1095.0	2176.0	d3665	5403.0	9664.0	8500	9500	8500	9500	Working Cap'l (\$mill)
None	--	--	--	--	2566.0	2708.0	3849.0	3337.0	2783.0	2007.0	38614	29724	22155	13277	17500	17000	17000	17000	Long-Term Debt (\$mill)
1,962,070,000 shs.	--	--	--	--	7176.0	7462.0	10037	12584	14948	18232	24772	20638	43831	58333	66500	76500	76500	76500	Shr. Equity (\$mill)
As of 12/31/10	--	--	--	--	12.4%	6.7%	9.6%	14.3%	30.0%	37.3%	12.0%	10.5%	8.8%	20.7%	20.5%	20.0%	20.0%	20.0%	Return on Total Cap'l
MARKET CAP: \$86 billion (Large Cap)	--	--	--	--	14.5%	7.8%	12.6%	17.6%	34.9%	40.8%	29.5%	21.8%	12.1%	24.7%	25.5%	24.0%	24.0%	24.0%	Return on Shr. Equity

Year	2009	2010	6/30/11
Cash Assets	4927	9948	7498
Receivables	4615	5582	6510
Inventory (LIFO)	4889	4756	5258
Other	501	1173	1142
Current Assets	14932	21459	20408
Accts Payable	1959	265	8297
Debt Due	847	1064	737
Other	6723	10466	3763
Current Liab.	9529	11795	12797

Year	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
Sales	18.5%	24.5%	5.5%
"Cash Flow"	14.5%	16.0%	15.0%
Earnings	15.5%	17.0%	18.5%
Dividends	6.0%	7.5%	11.5%
Book Value	15.5%	18.0%	17.5%

Year	2008	2009	2010	2011	2012
Mar.31	27192	--	27072	54264	41825
Jun.30	18846	--	22979	41825	56576
Sep.30	25209	--	31367	56576	62000
Dec.31	29056	--	32944	62000	66000
Full Year	33000	--	33000	66000	66000

Year	2008	2009	2010	2011	2012
Mar.31	5.36	--	d1.86	3.49	3.01
Jun.30	1.89	--	1.12	3.01	7.31
Sep.30	3.00	--	4.30	7.31	8.60
Dec.31	3.86	--	4.74	8.60	9.60
Full Year	4.50	--	5.10	9.60	9.60

Year	2007	2008	2009	2010	2011
Mar.31	.64	--	.52	1.16	1.52
Jun.30	.84	--	.68	1.52	.68
Sep.30	.68	--	.68	.68	.89
Dec.31	.45	--	.435	.89	.633
Full Year	.633	--	.536	.89	.633

Rio Tinto's top line is holding up well. Revenues rose about 15% during the first half of 2011 (the company reports semiannually). Results benefited from higher prices for numerous commodities. Notably, the price of copper, which is used heavily in construction, strengthened. This partially offset weaker sales of other offerings. Specifically, iron ore production was hurt by adverse weather conditions. We think demand for Rio Tinto's commodities should remain healthy through 2011 and into 2012. We have left our top-line forecast of \$62 billion unchanged for now.

Operating costs will likely need to be monitored. During the first half of 2011, expenses for fuel, and other raw materials related to mining, moved higher. Moreover, operating profit was hurt by higher labor and maintenance expense, partially associated with weather conditions.

The profit outlook has become a bit less favorable. Rio Tinto posted profits of \$3.86 per ADR for the first half of 2011. Given that this figure was lower than our forecast, we have lowered our 2011 earnings estimate considerably, to \$8.60 per ADR. However, it should be noted that

tes across the globe, with a significant concentration in Australia and North America. Other operations are located in South America, Asia, Europe and South Africa. Has about 77,000 employees. Chairman: Jan du Plessis. CEO: Tom Albanese. Inc. U.K. Address: Rio Tinto plc, 2 Eastbourne Terrace, London, W2 6LG. Telephone: 44-20-7781-2000. Internet: www.riotinto.com.

this figure still represents a sharp improvement, compared with profits in 2010. **Meanwhile, the balance sheet easily supports expansion.** At the end of June, Rio Tinto had roughly \$7.5 billion in cash, which provides ample liquidity. The company's debt level has risen a bit, owing to acquisition efforts. Notably, Rio Tinto has been increasing its investment in several mining businesses, specifically its position in Ivanhoe. The company also is working on numerous development and expansion projects, covering many commodity segments. Elsewhere, Rio Tinto bought back a considerable amount of common stock so far this year, and has increased its repurchase program.

These timely shares have declined a bit in price since our July report. This likely reflects the company's most recent earnings report, as well as a cloudy outlook for commodity demand, and the sluggish global economy, in the second half of 2011. Nonetheless, our current projections indicate that this issue still holds good appreciation potential for the next 3 to 5 years.

Adam Rosner
October 14, 2011

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