REMUNERATION REPORT OF THE DIRECTORS

"It is important to ensure that levels of reward are competitive and support the achievement of high levels of performance, thus aligning the Company's need to attract and retain high-calibre executives with the shareholders' objective of long-term value creation"

Sir Philip Hampton
Chairman of the Remuneration Committee

IN THIS SECTION

1. REMUNERATION COMMITTEE

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2010.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- The Company's general policy on executive and senior management remuneration
- The specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits
- The remuneration of the chairman
- The design and operation of the Company's share incentive schemes

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.com) and copies are available on request.

The Committee met three times during 2010 and dealt with ad hoc items between formal meetings by 'round robin' resolutions.

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2010:

- Sir Philip Hampton (chairman with effect from 22 April 2010)
- Sir Rob Margetts (resigned 22 April 2010)
- David Challen
- Sir CK Chow
- Jack Thompson (appointed with effect from 16 February 2010)
- Peter Woicke

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2010, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, by Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1. Certain overseas operations within the Group are also provided with audit related services from Deloitte's and PwC's worldwide member firms and non-audit related services from Mercer's worldwide member firms.

A summary of the letter from Mercer Limited containing the conclusions of their review of the Committee's executive remuneration processes for 2010 can be found on page 110.

2. REMUNERATION POLICY ON EXECUTIVE DIRECTOR REMUNERATION

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The Committee intends that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- Total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives
- Incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests
- Incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle
- The design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk
- In considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director
- Reward practice will conform to best practice standards as far as reasonably practicable

Representatives of the Company's principal investors are consulted on material changes to remuneration policy.

3. ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION

3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2010, 72% of the chief executive's and 71% of the finance director's remuneration on an expected-value basis was performance-related as shown in Figure 2 on page 100.

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out on pages 100 to 103.

Incentive levels are set taking account of the median expected value of long-term incentives relative to other companies of a similar size.

Shareholder approval for the current LTIP expires in May 2011 and a new LTIP will be put to shareholders at the AGM in April 2011. The Committee therefore decided in the second half of 2010 that this was a sensible point at which to review the current short- and long-term incentive levels of executives to ensure that they remain market competitive. PwC were retained to provide external advice in this respect.

The review found that the incentive opportunity for executives had fallen to levels that were uncompetitive when measured against FTSE 30 market practice. Whilst sensitive to shareholder concerns about the use of benchmarking in setting remuneration levels, the Committee feel it necessary to ensure that incentive levels remain appropriate to attract, retain and incentivise the senior management of a geographically diverse and operationally complex group. The recommendations from this review ('the Review') are set out in more detail under the relevant remuneration headings below. It is expected that the incentive opportunities proposed will remain in effect for the foreseeable future.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main-board calibre, in large international mining companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

Figure 1: External advice provided to the Committee

Advisers		Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services and market remuneration data	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects; taxation, payroll and executive compensation advice
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)	–	In their capacity as Group auditors, Deloitte undertake an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee

The Review found that basic salaries were fairly positioned against the FTSE 30 and that there was no need for any fundamental realignment of executive director salaries. Accordingly, basic salary increases for executive directors with effect from January 2011 were limited to an inflation adjustment in line with the general salary review for the broader employee population.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

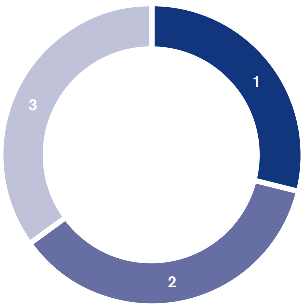
- A performance-related cash element
- Bonus Shares as a conditional award, normally to a value equal to the cash element
- An additional performance-related element in the form of Enhancement Shares

The award and matching levels are summarised in Figure 3. The BSP operates as follows:

- The value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 13 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2010 included cost and asset optimisation, project execution, portfolio restructuring, strategic initiatives, organisational structure and capabilities, CSR initiatives and safety improvements
- The Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the broader macro-economic outlook and more specific performance expectations for the Company and its operating businesses
- In 2010, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split is designed to reflect the importance of the ongoing projects and strategic repositioning of the Group as well as the volatile nature of commodity prices with the implications of this on setting earnings targets. Bonus parameters are set on an individual basis and the level of bonus payable is reduced if certain overall safety improvement targets are not met
- In 2010 the maximum cash element was 75% of basic salary in the case of both Cynthia Carroll and René Médori. The Review found that the total incentive opportunity for executive directors had fallen below the median opportunity offered within FTSE 30 companies. Consequently, for 2011 the Committee is proposing to increase the maximum cash element from 75% to 87.5% of basic salary for executive directors

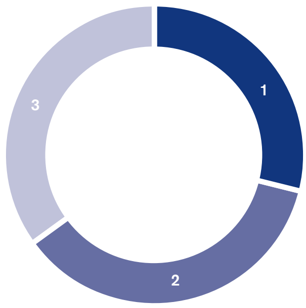
  Normally, half of any bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The part of the bonus that is deferred is delivered in the form of a conditional award of Bonus Shares. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'). As reported in 2009, the Committee concluded that the proportion of the bonus deferred into shares should be increased from 50% to 75% for a second year running to increase the alignment with shareholders' interests; the Committee will allow executive directors to elect to continue deferral of bonus up to these percentages from 2011 onwards
- From 2011 onwards, the Committee intends to apply a clawback of deferred Bonus Shares in the event that, during the relevant deferral period, the Committee becomes aware of a material error in the Company's results for the relevant bonus performance period
- Executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2010 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met as shown in Figure 4. Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. There is no retesting of this performance condition. Enhancement Shares will be subject to the same clawback provisions mentioned previously

Figure 2:
CEO – Expected values



1 Fixed 28%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 36%

FD – Expected values



1 Fixed 29%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 35%

The BSP targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management.

The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted in 2010 to executive directors under the Company's Discretionary Option Plan (DOP) and there is no intention to make future grants under the unapproved part of the DOP to executive directors. However, the DOP is retained for use in special circumstances relating to the recruitment or retention of key executives.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees.

Figure 3: Bonus Share Plan Summary

	Pre-2009	2009 and 2010	2011 proposed
Performance measures	50% corporate financial measure 50% key personal performance measure		
Maximum bonus (cash plus Bonus Shares)	150% of basic salary	150 % of basic salary	175% of basic salary
Delivery ratio			
Cash	50%	25%	25%/50%[1]
Bonus Shares	50%	75%	75%/50%[1]
Maximum Enhancement Share potential	75% of Bonus Shares, subject to a performance condition (EPS)		

[1] Subject to executive director election.

Figure 4: Vesting of Enhancement Shares

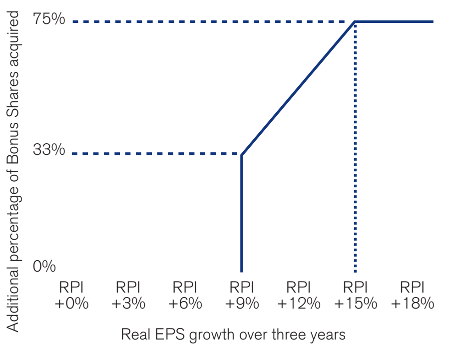


Figure 5: Long Term Incentive Plan Summary

	2010	2011 proposed
Maximum award level (% of basic salary)	200%	350%
Actual award level (% of basic salary)	200%	350% (CEO)
	200%	300% (FD)
Performance measures		
TSR – Sector Index	25% of award	25% of award
TSR – FTSE 100	25% of award	25% of award
AOSC	50% of award	50% of award
Maximum vesting of each element		
TSR – Sector Index	150%	100%
TSR – FTSE 100	150%	100%
AOSC	100%	100%

Figure 6: LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc	CRH plc
	Rio Tinto plc	Holcim Limited
	Teck Cominco Limited	Lafarge
	Vale	Heidelberg Cement
	Vedanta Resources plc	
	Xstrata plc	

Figure 7: LTIP – Sector Index comparison – 2010 awards and 2011 proposed awards

The Company's relative TSR compared with the Sector Index	2010 awards % proportion of total TSR element vesting	2011 proposed awards % proportion of total TSR element vesting
Below Target	0	0
Target (matching the weighted median of the Sector Index	20	15
Target plus 5% per annum	50	50
Target plus 7.5% per annum (or above)	75	50

3.5 Long Term Incentive Plan (LTIP)

At the AGM in April 2011, shareholders will be asked to approve a new LTIP to replace the existing LTIP, which will expire in mid-2011. The new LTIP will be broadly similar to the existing LTIP, except as described in the summary table, Figure 5, and the sections below.

Award levels

Conditional LTIP awards are granted annually to executive directors. The maximum award level under the current LTIP is 200% of basic salary. The Review's findings showed that this award level is well behind market practice for the FTSE 30 and, for the new LTIP, the Committee is proposing that the normal maximum award level be increased for 2011 to 350% and 300% of basic salary respectively for the chief executive and finance director, with an overall scheme maximum of 350% of basic salary. The Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2010 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operational measure. As set out in last year's report, the Committee examined the possible use of an Asset Optimisation Supply Chain (AOSC) efficiency measure in place of the return on capital employed metric. Following this review and dialogue with the Company's major investors, an AOSC measure was put in place in respect of the 2010 LTIP award for the first time. The performance measures for the 2011 LTIP award will be the same as those used in 2010. These measures are described in greater detail on the following page.

Figure 8: LTIP – FTSE 100 comparison – 2010 awards

The Company's relative TSR compared with the FTSE 100	2010 awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Figure 9: LTIP – FTSE 100 comparison – 2011 proposed awards

The Company's relative TSR compared with the FTSE 100	2011 proposed awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	15
Equal to or above the 80th percentile TSR of the FTSE 100	50

These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and AOSC performance achieved and the level of award earned will be published in the subsequent remuneration report. There is no retesting of the performance conditions.

The LTIP is intended closely to align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

From 2011 onwards, the Committee intends to apply a clawback of conditional LTIP awards in the event that, during the relevant performance period, the Committee becomes aware of a material error in the Company's results for the relevant performance period.

Total shareholder return (TSR)
The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described in the following section) and the largest UK companies across all sectors.

Sector Index comparison
One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2010, the companies constituting the Sector Index were as shown in Figure 6 on page 101. Should the Tarmac Group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown in Figure 6 on page 101. For 2010 and 2011 that part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 7 on page 101. The outcome of the Review is that, for proposed awards in 2011 and onwards, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%). Shares will vest on a straight-line basis for performance between the levels shown in Figure 7 on page 101.

FTSE 100 comparison
The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 8 for awards in 2010 and Figure 9 for proposed awards for 2011 onwards. Again, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%) which would now occur at the 80th percentile (previously 90th). Shares will vest on a straight-line basis for performance between the levels shown in Figures 8 and 9.

The targets were calibrated such that for the TSR elements of the award there is approximately a 15% chance of achieving full vesting and a 25% chance of three-quarters vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element using these proposed targets is 60% of the face value (this is lower than for the 2010 LTIP targets which had a maximum vesting percentage of 150% and a fair value of 50% of the maximum number of shares that could vest).

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2006 to 31 December 2010 can be found in Figure 14 on page 104.

Asset Optimisation and Supply Chain
AOSC is the second performance measure for LTIP awards. The Company's AOSC programmes strive to unlock value from the Company's assets in a sustainable way through structured Group-wide programmes aimed at reducing costs, increasing volumes and improving overall operational efficiencies. In 2010, the Group's AOSC programmes delivered $2.5 billion of benefits from the core businesses ($3.0 billion from the total Group),

Figure 10: LTIP – AOSC targets

	Value delivered $ bn
Minimum AOSC Target	5.13
Maximum AOSC Target	6.27

Figure 11: LTIP – AOSC vesting

	% proportion of AOSC element vesting
Below or equal to the Minimum AOSC Target	0
Equal to or greater than the Maximum AOSC Target	100

representing the additional operating profit and capital expenditure savings realised in the year, over and above the performance expected had the programmes not been initiated. These benefits are valued employing 2010 commodity prices and exchange rates.

Tying the AOSC measure directly to a meaningful portion of executives' incentive pay reflects the importance of the AOSC initiative in delivering increased value to shareholders, as evidenced by the very significant and stretching level of the targets. The adjudication of targets will be reviewed by internal audit and reported at the end of each performance period.

The proportion of shares vesting based on AOSC will vary according to the aggregate AOSC value delivered over the performance period. Unless a certain minimum value target is met, no shares will vest under this performance measure. The maximum AOSC target is based on a stretching level of value delivered.

The targets for the AOSC element of the 2010 conditional award are shown in Figure 10.

The AOSC element of the award vests as shown in Figure 11.

Shares will vest on a straight-line basis for performance between the Minimum AOSC Target and the Maximum AOSC Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- The number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control
- The Bonus Shares awarded under the BSP will be released and the Enhancement Shares awarded under the BSP will only vest to the extent that the performance condition has been met at the time of the change of control
- Share options granted under the DOP or under the Company's legacy Executive Share Option Scheme (ESOS) may be exercised irrespective of whether the applicable performance conditions have been met
- SAYE options may be exercised (to the extent of savings at the date of exercise)
- Participants in the SIP may direct the SIP trustee as to how to deal with their shares

In the event that an executive director's employment is terminated, vesting of any outstanding share options under the DOP or under the ESOS is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP awards, the Committee would normally exercise its discretion when an executive director's employment ceases as follows: if the director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting on leaving is based on the normal performance criteria at the time of leaving and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if an executive director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Shares lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving. Enhancement Shares will vest only to the extent that the performance condition has been met and if vesting is accelerated to the time of leaving will be pro rated for the proportion of the performance period for which the director served.

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group has hitherto used an Employee Share Ownership Trust (the Trust) to acquire and hold shares for use in the operation of its share schemes. As at 31 December 2010, the Trust held 985 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. It is the Company's current policy to meet the requirements of share incentive schemes by using a mix of Treasury Shares, shares from the Trust or by market purchases, as appropriate. The Company also has the necessary authorities to utilise newly issued shares if required.

3.8 Pensions

Details of individual pension arrangements are set out on page 107. The Review found that the current level of company pension contribution was in line with market practice and was not in need of change at present.

Executive directors (and UK employees more generally) have the option of all or part of their employer-funded defined-contribution pension contributions being paid as an alternative to an unregistered retirement benefits scheme (an EFRBS).

Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined-contribution benefits forgone.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined-contribution pension arrangements, in return for equivalent reductions in their future basic salaries and/or other elements of their remuneration.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. EXECUTIVE SHAREHOLDING TARGETS

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one and a half times (previously one times) basic salary in the case of any other executive director.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

5. EXTERNAL APPOINTMENTS

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2010, Cynthia Carroll and René Médori each retained fees amounting to £90,000 and £66,000 respectively.

6. POLICY ON NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

- Remuneration should be:
  – sufficient to attract and retain world-class non-executive talent
  – consistent with recognised best practice standards for non-executive director remuneration
  – in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish
  – set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees
- Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements

It is the intention that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. Additional fees are paid to the chairmen of Board Committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last increased following a review in December 2009 (and took effect in January 2010). Fees will next be reviewed in December 2011.

7. CHAIRMAN'S FEES

The chairman's fees are reviewed periodically (on a different cycle from the review of other non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who will take external advice on market comparators.

As set out in last year's report, at the time of the chairman's appointment in August 2009, he received a restricted award of shares in the Company to a value of £500,000 which he undertook to match with his personal funds. The award will be released on the third anniversary of his appointment subject to his still being chairman.

Figure 12: Executive directors[1]

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive)	15 January 2007	April 2011
René Médori (finance director)	01 June 2005	April 2011

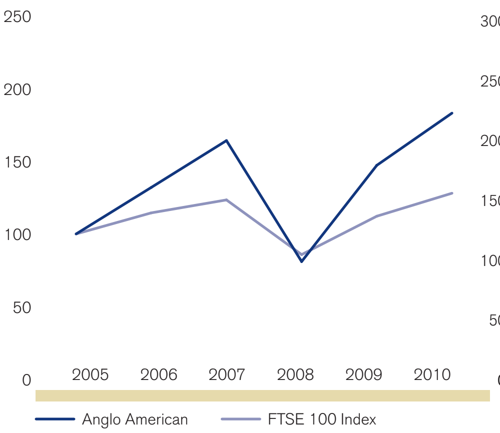
[1] At each AGM all directors shall retire from office.

Figure 13: Non-executive directors[1] [2]

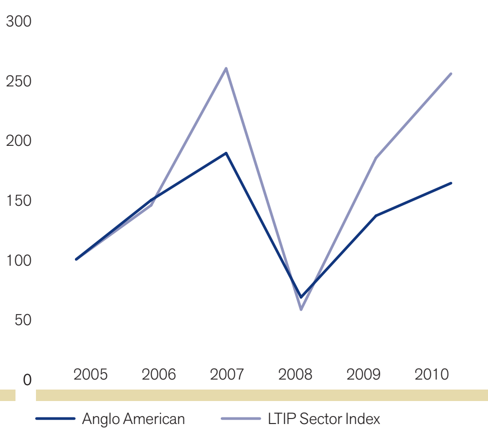
	Date of appointment	Next AGM re-election or election
Sir John Parker (chairman, AA plc and Nomination Committee)	09 July 2009	April 2011
David Challen (SID and chairman, Audit Committee)	09 September 2002	April 2011
Sir CK Chow	15 April 2008	April 2011
Chris Fay (retired 2010)	19 April 1999	n/a
Sir Philip Hampton (chairman, Remuneration Committee)	09 November 2009	April 2011
Sir Rob Margetts (retired 2010)	18 March 1999	n/a
Nicky Oppenheimer	18 March 1999	April 2011
Ray O'Rourke	11 December 2009	April 2011
Fred Phaswana (retired 2010)	12 June 2002	n/a
Mamphela Ramphele	25 April 2006	April 2011
Jack Thompson	16 November 2009	April 2011
Peter Woicke (chairman, S&SD Committee)	01 January 2006	April 2011

[1] At each AGM all directors shall retire from office.
[2] There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 2006, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

Figure 14: Historical comparative TSR performance graphs



Source: Thomson Datastream



Source: Thomson Datastream

The Committee concluded in December 2010 that it would be appropriate to offer Sir John a further share award to a value of £250,000 in the first quarter of 2011; the award would be released in full at the third anniversary of the grant subject to his still being chairman and would again be matched by Sir John progressively over the three-year period. This further share award was contemplated by the terms agreed on Sir John's appointment. Consultation with shareholders has taken place on this basis and it is intended to make the award shortly after the announcement of results.

8. DIRECTORS' SERVICE CONTRACTS

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of each appointment, subject to reappointment at the AGM as shown in Figure 13.

9. HISTORICAL COMPARATIVE TSR PERFORMANCE GRAPHS

The graphs shown in Figure 14 represent the comparative TSR performance of the Company from 1 January 2006 to 31 December 2010. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2008. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

10. REMUNERATION OUTCOMES DURING 2010

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

Executive directors

Figure 15 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2010 and 2009, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2010.

Non-executive directors

Figure 16 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2010 which amounted to £1,489,000 (2009: £1,260,000).

Figure 16:
Non-executive directors' emoluments(1)(2)

	Total	
	2010 £000	2009 £000
Sir John Parker	650	273
David Challen	115	93
Sir CK Chow	80	65
Chris Fay	30	80
Sir Philip Hampton	90	10
Sir Rob Margetts	30	80
Nicky Oppenheimer(3)	88	72
Ray O'Rourke(4)	80	4
Fred Phaswana(3)	76	147
Mamphela Ramphele	80	65
Jack Thompson	80	9
Peter Woicke	90	65

(1) Each non-executive director, with the exception of Sir John Parker, was paid a fee of £80,000 (2009: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2009: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2009: £7,500) per annum. The senior independent director (SID) received additional fees of £20,000 per annum.

(2) In addition to the fees reported above for 2009, Sir Mark Moody-Stuart, who retired on 1 August 2009, received fees in 2009 of £264,000 and Karel Van Miert, who passed away on 22 June 2009, received fees of £33,000.

(3) Nicky Oppenheimer received fees for his services as a non-executive director of Anglo American South Africa Limited amounting to £8,000 (2009: £7,000), which are included in the above table. Fred Phaswana, who retired from the Board on 1 January 2010, was also the non-executive chairman of Anglo Platinum Limited until 31 August 2010 and of Anglo American South Africa until 30 September 2010 and received fees for these services amounting to £76,000 (2009: £80,000), which are included in the above table.

(4) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

Figure 15: Executive directors' emoluments(1)

	Total basic salary(2)		Annual performance bonus – cash element(3)		Benefits in kind(4)		Total	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Cynthia Carroll	1,125	1,103	411	372	37	144	1,573	1,619
René Médori	707	693	253	234	29	30	989	957

(1) In 2010, Cynthia Carroll and René Médori held non-executive directorships of Anglo Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for these directorships were ceded to their employer, AAS.

(2) AAS agreed with the executive directors that supplementary pension contributions be made into their defined-contribution pension arrangements in return for equivalent reductions in their basic salaries and in the cash elements payable under the BSP. The figures shown include these supplementary contributions.

(3) The split between the cash and share elements of the Bonus Share Plan is set out on page 100 and the above figures represent the elections made in 2011 by each executive director to defer 75% of their total bonus into shares.

(4) Each executive director receives a car allowance and a limited amount of personal taxation/financial advice; they also receive death and disability benefits and medical insurance.

Figure 17: Bonus Share Plan

BSP interests[(1)]	Total interest at 1 January 2010	Number of Bonus Shares conditionally awarded during 2010[(2)]	Number of Enhancement Shares conditionally awarded during 2010	Number of Bonus Shares vested during 2010[(2)]	Number of Enhancement Shares vested during 2010	Number of Enhancement Shares lapsed during 2010	Total interest at 31 December 2010	Market price at date of 2010 award £	Date of vesting of Bonus Shares awarded during 2010	End date of performance period for Enhancement Shares awarded during 2010
Cynthia Carroll[(3)]	140,793	46,902	35,176	(19,231)	–	–	203,640	23.80	01/01/2013	31/12/2012
René Médori	119,792	29,481	22,110	(27,728)	–	(12,889)	130,766	23.80	01/01/2013	31/12/2012

(1) The performance period applicable to each award is three years. Cynthia Carroll did not receive a BSP award in 2007 (in respect of the 2006 financial year) and consequently no shares vested in 2010. René Médori was awarded BSP shares in 2007 which vested in 2010.

Shares vested (2007 BSP Award)	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	15,640	09/03/2007	24.73	27.06	423,218

In the case of the BSP awards granted in 2007, the determinant for the vesting of Enhancement Shares was real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI) over the performance period. 44% of the Enhancement Shares would vest if EPS growth was RPI+9%, and 100% would vest if EPS growth was RPI+15%. As the EPS growth was below the threshold target over the period, nil vesting of the Enhancement Shares occurred.

(2) Where permitted by finance legislation, awards of Bonus Shares under the BSP are granted as forfeitable shares, which would be forfeited in the event that an executive director leaves service, other than as a 'good leaver', before the shares are released. The number of Bonus Shares awarded in 2010 was reduced to meet income tax liabilities. The reduction in respect of Cynthia Carroll was 19,231 shares and in respect of René Médori was 12,088 shares (at a value of £529,419 and £332,776 respectively).

(3) In accordance with her terms upon joining, Cynthia Carroll was granted 132,718 forfeitable shares, in compensation for long-term incentives forgone at her previous employer. The market price of the shares at the date of this award was £24.91. These shares are forfeitable in the event that she leaves service before they are released to her. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010, as follows:

Interests	Beneficial interest in forfeitable shares at 31 December 2009	Number of forfeitable shares vested during the year	Number of forfeitable shares lapsed during the year	Beneficial interest in forfeitable shares at 31 December 2010	Latest performance period end date
Cynthia Carroll	24,154	24,154	–	–	n/a

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Market value at date of vesting £
Cynthia Carroll	24,154	21/02/2007	24.91	26.66	643,945

Figure 18: Long Term Incentive Plan

LTIP interests[(1)(2)]	Total beneficial interest in LTIP at 1 January 2010	Number of shares conditionally awarded during 2010	Number of shares vested during 2010	Number of shares lapsed during 2010	Total beneficial interest in LTIP at 31 December 2010	Latest performance period end date
Cynthia Carroll	262,295	87,582	(44,858)	(28,680)	276,969	31/12/2012
René Médori	168,885	55,040	(30,403)	(19,439)	174,083	31/12/2012

(1) The LTIP awards made in 2010 are conditional on two performance conditions as outlined on pages 101 to 103: the first is based on the Company's TSR relative to a weighted group of international mining companies and to the constituents of the FTSE 100; the second is based on the value delivered from AOSC initiatives during the medium term. Further details on the structure of the LTIP, the required level of performance for the 2010 award and how performance against targets is measured can be found on pages 101 to 103. The market price of the shares at the date of award was £25.69.

(2) The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2007 (which were granted on 23 March) ended on 31 December 2009. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international mining companies and the FTSE 100; the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. These awards are as follows:

Shares vested	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting	Money value at date of vesting £
Cynthia Carroll	44,858	23/03/2007	24.63	29.27	1,312,994
René Médori	30,403	23/03/2007	24.63	29.27	889,896

In the case of the LTIP awards granted in 2007, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2006 LTIP was 37.46% and the upper blended target 39.46%. The ROCE achieved was 43.20% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of -25% which generated a nil% vesting in terms of the 2006 Sector Index Comparator Group (against a median target of 23%) and a 44% vesting against the FTSE 100 (being between the 50th percentile and 90th percentile). The overall vesting level for those directors with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split was therefore 61%.

Figure 19: Directors' share options

Anglo American options	Beneficial holding at 1 January 2010[(1)]	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2010	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	–	–	–	951	17.97	1/9/2013	28/2/2014

(1) Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

Figure 20: Defined contribution pension schemes

	Normal contributions[2] 2010 £000	2009 £000
Cynthia Carroll[1]	**338**	331
René Médori	**212**	208

[1] The contributions payable into pension arrangements for Cynthia Carroll amounted in 2010 to £199,000 (2009: £236,000), the balance being payable in the form of a cash allowance to an equivalent cost to the employer. The cost of this allowance is included in the pension figure above. The allowance does not form part of basic salary disclosed in the directors' emoluments table on page 105 nor is it included in determining awards under the BSP.

[2] Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for reductions in their future basic salaries and reductions in the cash elements payable under the BSP. These supplementary contributions of £187,000 (2009: £nil) and £450,000 (2009: £nil) respectively, are included in Figure 15: Executive directors' emoluments on page 105.

Figure 21: Shares in Anglo American plc

As at 31 December 2010 (or, if earlier, date of resignation)

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Sir Rob Margetts[4]	15,638	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 22: Shares in Anglo American plc

As at 1 January 2010

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	14,433	573	262,925	61,990	78,803	24,154
René Médori[2]	66,082	591	168,885	55,822	63,970	–
Sir John Parker[3]	777	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	637	–	–	–	–	–
Sir Rob Margetts[4]	15,030	–	–	–	–	–
Ray O'Rourke[5]	0	–	–	–	–	–
Nicky Oppenheimer[6]	33,557,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	2,762	–	–	–	–	–
Jack Thompson[5]	2,500	–	–	–	–	–
Peter Woicke[5]	5,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 23: Shares in Anglo American plc
As at 1 January 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below Figure 24.

Figure 24: Shares in Anglo American plc
As at 18 February 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,803	705	276,969	89,661	113,979	–
René Médori[2]	89,828	705	174,083	57,575	73,191	–
Sir John Parker[3]	12,387	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,452	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,672	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

(1) Following her appointment as an executive director on 15 January 2007, Cynthia Carroll was granted 132,718 forfeitable shares conditional on her continued employment to the Group and in partial compensation for long-term incentives forgone at her previous employer. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010.
(2) René Médori's beneficial interest in 85,931 of the shares held at the date of this report arises as a result of his wife's interest in these shares.
(3) Following his appointment as chairman of the Company on 1 August 2009, John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship.
(4) Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these shares.
(5) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of US$0.54945 each.
(6) N F Oppenheimer's interest in 31,456,927 of these shares held at the date of this report arises as a result of his beneficial interest in a discretionary trust which is treated as interested in 25,200,000 shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,252,377 shares in which Central Holdings Limited is treated as interested. The 6,252,377 shares referred to are shares held by Debswana Diamond Company (Pty) Limited, in which N F Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,550 of these shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those shares.
(7) Mr Phaswana retired from the Board on 1 January 2010.

10.2 Bonus Share Plan
Details of shares awarded under the BSP to executive directors during 2010 and their current holdings are shown in Figure 17 on page 106.

10.3 Long Term Incentive Plan
Conditional awards of shares were made in 2010 to executive directors under the LTIP as shown in Figure 18 on page 106.

10.4 Directors' share options
No executive share options have been granted to any director since 2003 as shown in Figure 19 on page 106.

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2010 to 31 December 2010 were £33.86 and £22.54 respectively. The mid-market price of the Company's shares at 31 December 2010 was £33.86.

10.5 Share Incentive Plan (SIP)
During the year, Cynthia Carroll and René Médori purchased 58 and 57 shares under the SIP respectively, in addition to the shares held by them at 1 January 2010. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, Cynthia Carroll and René Médori were each awarded 104 free shares under the SIP in April 2010. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which is open to inspection.

10.6 Pensions
10.6.1 Directors' pension arrangements
Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2010, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

10.6.2 Defined contribution pension schemes
The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in as shown in Figure 20 on page 107.

10.6.3 Defined benefit pension schemes
No director was eligible in 2010 for membership of any defined benefit pension scheme.

10.6.4 Excess retirement benefits
No person who served as a director of the Company during or before 2010 has been paid or received retirement benefits in excess of the retirement benefits to which he/she was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. SUMS PAID TO THIRD PARTIES IN RESPECT OF A DIRECTOR'S SERVICES

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2010.

12. DIRECTORS' SHARE INTERESTS

The interests of directors who held office during the period 1 January 2010 to 31 December 2010 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 21 and 22 on page 107.

Figures 23 and 24 outline the changes in the above interests which occurred between 1 January 2011 and the date of this report.

APPROVAL

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Philip Hampton

Sir Philip Hampton
Chairman, Remuneration Committee
18 February 2011

INDEPENDENT REMUNERATION REPORT REVIEW

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee (the Committee) during 2010. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2010 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

REVIEW PROCESS

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference
- A review of the minutes of the Committee covering the period from January to December 2010
- A review of any briefing materials prepared for the Committee during the year
- An interview with Chris Corrin in his capacity as Secretary to the Committee
- An interview with the Chairman of the Committee

FINDINGS

The Committee comprises entirely of independent non-executive directors. It met formally on three occasions in 2010.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance related and that variable pay is consistent with business performance, market conditions and retention of talent.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision.

CONCLUSIONS

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy of Executive Remuneration stated in Anglo American's Annual Report.

We note that in line with the requirements of the Combined Code the composition of the Committee including the chairmanship has been changed.

Yours sincerely

Mark Hoble
Partner
Mercer Limited
Tower Place
London EC3R 5BU

10 February 2011