

Tony Trahar, CEO, Address at the Annual General Meeting – 25 April 2003

“Thank you Chairman and good morning ladies and gentlemen.

I am pleased to report that in 2002, Anglo American achieved record headline earnings of 125 US cents per share - up 10% on the EPS achieved in 2001. Overall headline earnings for 2002 were US\$1,759 million compared with US\$1,681 million in 2001. This result was achieved despite difficult economic and trading conditions for a number of our key businesses and was particularly pleasing when compared with those reported by our peer group companies. It suggests that the mix of assets which we have assembled - following four active years of acquisitions and disposals - is well placed to secure good shareholder returns through the cycle. Thus, although our coal and platinum businesses experienced lower prices in 2002, their results were more than offset by higher contributions from our gold, forest products, industrial minerals, ferrous metals and diamond interests and a turnaround from loss to profit from base metals.

In terms of our progressive dividend policy and in the light of these record profits, we are able to recommend increasing the final dividend to 36 cents, resulting in the total dividend increasing by 4% to 51 US cents per share. On the basis of our current share price, this amounts to an annual dividend yield of 3.45%.

We have continued with our drive to deliver greater efficiencies and to reduce costs. This resulted in further savings for the year of US\$279 million of which \$154 million came from operating efficiencies, US\$77 million from restructuring and synergies and US\$48 million from improved procurement. I believe that our continuing search for cost savings, efficiencies and innovation is becoming ingrained within the organisation and is a vital part of running our businesses and adding value for shareholders in the face of difficult economic conditions.

During 2002 we spent US\$3.7 billion on acquisitions. The major items were:

- the acquisition of the Disputada Copper mines in Chile for US\$1.3 billion;
- the purchase of a controlling stake in the Russian paper mill at Syktyvkar and some 50% of the assets of the French packaging operator, La Rochette;
- increasing our stake in Anglo Platinum from 59.6% to 67.7%, a figure which, we announced on 10 February, we had subsequently raised to almost 70%; and
- increasing our holding in Goldfields to over 20%.

Anglo Coal also increased its stake in Cerrejon Coal in Colombia and formed a joint venture in Australia with Mitsui based around the Moura mine. In addition, our Ferrous Metals division completed the acquisition of Moly-Cop to establish an international grinding media business supplying the mining industry.

We also continued to pursue our objective of establishing a presence in the iron ore market. A Memorandum of Understanding was signed with the South African Government affirming our shared commitment to the expansion and development of the iron ore resources of the Northern Cape - including a significant empowerment dimension. This aspect of our strategy is still subject to review by the South African competition authorities.

The Company continues to have one of the biggest, high quality project pipelines for organic growth in the resources sector. Most notable amongst these are Anglo Platinum's (SAR 22 billion) expansion projects which will increase output by 75% to 3.5 million ounces of refined platinum by the end of 2006.

During 2003 a number of key projects will reach fruition with the commissioning of the new Copebrás plant in Goias in Brazil; the opening of the Skorpion zinc mine in Namibia and the completion of the new cement plant at Buxton in Derbyshire. We are steadily achieving a broader geographical balance in our asset base with about 31% of our assets now being in South Africa and 69% in the rest of the world.

A major inhibiting factor in our share price performance during 2002 was the uncertainty surrounding the changes to mineral rights ownership and black economic empowerment legislation in South Africa.

We fully acknowledge that the future stability of South Africa requires a much broader base of ownership amongst historically disadvantaged groups. However, significant damage was caused to investor confidence by the leaking of an early draft of the Empowerment Charter - which contained what were generally agreed to be unfinanceable targets. What has emerged, after discussion and consultation, is a target of 15% equity or production ownership within 5 years and 26% in 10 years for value. This is achievable and will provide stability going forward. There remain some uncertainties about how the various elements contained in the Empowerment Charter will be applied but progress has been made in rebuilding confidence.

Anglo American continues to play a leading role in corporate South Africa in promoting black economic empowerment including through:

- Procurement spending of US\$800 million from black-owned businesses;
- Developing the leading small business programme in South Africa; and
- Participating in over US\$1.8 billion in black economic empowerment transactions.

We are disappointed by the relatively high royalty levels proposed for some commodities in South Africa in the draft Money Bill. We believe that in some sectors the proposals may both damage the international competitiveness of existing operations and reduce the relative attraction of South Africa as an investment destination. We are engaging with the South African authorities as part of industry efforts to achieve a reasonable outcome.

Ladies and gentlemen, I should like to mention four items related to the corporate responsibility agenda. You will find these issues covered more fully in our recently published 'Report to Society'.

Firstly, I am pleased to report a significant improvement during 2002 in our safety statistics so that we are now achieving world class standards in most of our operations. We are relentlessly pursuing the goal of improved safety and in 2002 achieved a 42% reduction in our lost time injury frequency rate and a reduction of 39% in our fatal injury frequency rate.

Secondly, our 'Good Citizenship' Business Principles have now been rolled out - in 22 languages - across the Group. They make clear to our employees the standards of

behaviour to which we expect to perform and, to external stakeholders, the standard to which they can hold us to account. The roll-out of the Principles is being supported by a number of specific programmes designed to ensure that performance in areas like community relations and the development of our employees lives up to our aspirations.

Thirdly, in August 2002, we announced our intention to make anti-retroviral therapies available to those of our staff who are HIV positive and where ART is clinically indicated. We have taken a leading position internationally on this issue and we believe that, by making such treatments available, we are making a substantial contribution to challenging the stigma and denial which complicate the task of tackling the HIV/AIDS epidemic. We are seeking to bring other partners to the table, so as to spread the availability of ART more widely.

Finally, you may have seen media reports about an attempt to involve Anglo American in the apartheid-related US 'class actions' which are being taken against more than 70 international companies. We entirely reject the allegations made against us and should such a case ever proceed to trial, we will contest it vigorously.

Our subsidiary, Anglo American Corporation of South Africa, was in the forefront of those who opposed the apartheid system. We adopted progressive positions on issues like the recognition of black trade unions and access to education. Our role in the peaceful transition to the new South Africa has been widely recognised. We firmly believe that our opposition contributed to bringing about an end to the apartheid system. Anglo American Corporation has also taken a leading role in addressing the problems faced by historically disadvantaged South Africans through the Business Trust, the Anglo American Chairman's Fund and our black economic empowerment initiatives. We agree with the South African Government that the question of accounting for the past and building for the future is a matter best resolved through South Africa's own democratic and constitutional processes, rather than through actions in US courts. In concluding on this issue, I can do no better than to quote from President Mbeki's speech last week to the South African Parliament when he said:

"The South African Government is not, and will not, be party to such litigation. We find it unacceptable that matters that are central to the future of our country should be adjudicated in foreign courts, which bear no responsibility for the well-being of our country."

We concur entirely with this view.

Ladies and gentlemen, may I comment briefly about the prospects for 2003? At the presentation of our annual results for 2002 I commented on the sensitivity of our results to volatility in commodity prices and exchange rates and noted that the strength of the South African currency in particular would make it very challenging to sustain our record 2002 performance.

I reiterate this comment despite the financial results for the first quarter 2003 being similar to those for the same period last year. The South African currency averaged R8.35 to the dollar during the first quarter and has strengthened even further in recent weeks and, at R7.25 to the US\$, is about 40% higher against the US\$ than at the commencement of 2002. This currency situation, with the generally muted state of the world's economies, means that the outlook for our key businesses is mixed and,

notwithstanding the good first quarter results, it therefore remains unlikely that the group will repeat the record performance achieved last year.

Overall, Chairman, I believe that we are making good progress in realising our strategic objectives. Our asset mix is performing well, we are conservatively geared and we have the potential to continue to build shareholder value through a mix of judicious acquisitions, organic growth and realising cost savings and synergies across the Group.

Thank you.”