News Release

17 December 2008

Anglo American reduces 2009 capital expenditure by more than 50% to $4.5 billion

Anglo American plc has completed a wide ranging review of its capital expenditure programme in recent weeks, at a time when the mining industry has experienced an unprecedented period of rapid declines in commodity prices due to global economic uncertainty. Such circumstances present a very different near term outlook and a clear need to adjust the Group's investment plans.

Planned expansionary and stay-in-business capital expenditure for 2009 will be reduced to reflect the changed outlook. The revised expenditure plans across Anglo American's businesses will ensure that the Group's capital spending is prioritised towards those businesses and development projects that are expected to perform most strongly in the near term, whilst not having a material detrimental effect on those projects that are already at an advanced stage of development.

Capital expenditure for 2009 has been capped at $4.5 billion, a reduction of more than 50%, including $1.3 billion of stay-in-business capital expenditure, a lower level than the projected amount for 2008. The substantial changes to planned capital expenditure will be achieved principally by rescheduling many of the Group's development projects; revised capital expenditure levels, their impact and guidance on 2009 production are set out below. The Group's capital expenditure programmes for 2010 will continue to be monitored against prevailing and forecast market conditions.

Cynthia Carroll, Chief Executive of Anglo American, said:

"We have taken decisive action as a result of the fast changing economic climate and have undertaken a thorough re-evaluation of our stay-in-business and development requirements. We have made significant adjustments to prioritise the expenditure in those areas where we expect relative outperformance in the near term while maintaining a high degree of flexibility for our future growth. Beyond these changes, we are making excellent progress with our asset optimisation programme and procurement and shared service initiatives, driving significant cost and efficiency improvements across the Group. With our robust balance sheet and high quality asset portfolio, Anglo American is well positioned to weather the current weak economic conditions and to continue to prosper for the benefit of all our stakeholders."

Anglo American plc
20 Carlton House Terrace London SW1Y 5AN United Kingdom
Tel: +44 (0)20 7968 8888 Fax: +44 (0)20 7968 8500
www.angloamerican.co.uk

Platinum

Near term platinum group metal (PGM) demand has been impacted materially by the global economic slowdown. Amongst other things, vehicle sales in North America, Europe and Japan have slowed considerably, having a negative effect on forecast consumption of PGMs for autocatalysis. Anglo Platinum, as the world's largest platinum producer, intends to respond on an ongoing basis to the challenges that face the platinum industry. Anglo Platinum plans to produce 2.4 million ounces of refined platinum in 2009. Anglo Platinum will continue to monitor its production levels against global economic developments and will provide further updates on its production plans at appropriate intervals.

Total capital expenditure for 2009 has been reduced to $900 million, including $600 million on projects, through deferral of expenditure across several major projects, including Amandelbult No.4 Shaft, Twickenham, Styldrift and the second slag cleaning furnace at Waterval.

Base Metals

Anglo American expects 2009 production of its base metals to be maintained at similar levels to 2008 with the exception of copper production, which is expected to be approximately 5% higher than 2008 due to the benefit of the debottlenecking project undertaken at the Collahuasi mine.

Base Metals' project capital expenditure for 2009 has been reduced to $1.3 billion.

Los Bronces (Chile) – an eight month commissioning delay to the expansion project, with first copper production expected in Q4 2011.

Barro Alto (Brazil) – a 12-month commissioning delay, with first nickel production expected in Q1 2011.

Ferrous Metals and Industries

Kumba Iron Ore's production in 2009 is expected to increase by approximately 10% compared to 2008 as the ramp up at Sishen's jig plant continues. Planned 2009 capital expenditure at Sishen South has been optimised along the critical path and first production remains scheduled for H1 2012.

Ferrous Metals and Industries' project capital expenditure for 2009 has been reduced to $900 million.

Minas-Rio (Brazil) – a six to 12-month commissioning delay, with first iron ore production expected in late 2011 or early 2012.

Coal

In anticipation of reduced demand during 2009 from steel customers, plans to grow metallurgical coal production by 10% during 2009 have been curtailed and production is expected to be marginally below 2008 levels. The sentiment from many of the world's end users of steel products remains negative. Should conditions change materially, Anglo American will respond with further adjustments to its metallurgical coal production. Anglo American's total 2009 coal production is also expected to be marginally below 2008 levels.

Coal's project capital expenditure for 2009 has been reduced to $400 million.

Financial position update

The Group's net debt at the 2008 year end is expected to be approximately $11.0 billion, representing a gearing level of around 30%[(1)].

Over the last 12 months, Anglo American has issued medium and long term debt in the Euro and sterling bond markets, in addition to arranging new bank financing in both Europe and South Africa. Anglo American's only significant debt repayments in the next two years are a $3 billion revolving bank facility which matures in December 2009 and a £300 million (c. $500m) Euro bond which matures in December 2010.

At the year end of 31 December 2008, Anglo American estimates that it is likely to have committed undrawn bank facilities and cash deposits with a combined value of approximately $7 billion.

Outlook

Despite the uncertain near term outlook, Anglo American continues to believe in the medium to long term fundamentals of its core commodities, driven primarily by the ongoing industrialisation of the major developing markets and the economic recovery of the OECD member countries.

Anglo American plc has a unique portfolio of large scale and long life mining assets that are well placed on their respective industry cost curves. The strength of this portfolio and its flexibility in terms of timing of new production, combined with the Group's robust balance sheet, provide a solid platform from which Anglo American will continue to grow profitably and generate substantial shareholder value.

Note:
[(1)] Gearing is calculated as net debt divided by capital employed, adjusted for investments in associates.

For further information, please contact:

United Kingdom

James Wyatt-Tilby, Media Relations
Tel: +44 (0)20 7968 8759

Anna Poulter, Investor Relations
Tel: +44 (0)20 7968 2155

Caroline Metcalfe, Investor Relations
Tel : +44 (0)20 7968 2192

South Africa

Pranill Ramchander, Media Relations
Tel: +27 (0)11 638 2592

Notes to Editors:

Anglo American plc is one of the world's largest mining groups. With its subsidiaries, joint ventures and associates, it is a global leader in platinum group metals and diamonds, with significant interests in coal, base and ferrous metals, as well as an industrial minerals business. The Group is geographically diverse, with operations in Africa, Europe, South and North America, Australia and Asia. (www.angloamerican.co.uk)