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2 February 2005

Rob Margetts
Chairman Remuneration Committee
Anglo American plc
20 Carlton House Terrace
London
SW1Y 5AN

Dear Rob

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee during 2004. The review was undertaken at your request as Chairman of the Remuneration 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 Anglo American Remuneration Committee during 2004 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 Remuneration Committee's terms of reference;
- A review of the minutes of the Remuneration Committee covering the period from January to December 2004;
- A review of any briefing materials prepared for the Committee during the year;
- A review of the rules and any communication materials regarding the Company's Share Option Plan, Long Term Incentive Plan and Annual Bonus Plan;
- An interview with Chris Corrin in his capacity as secretary to the Committee; and
- An interview with yourself as the Chairman of the Committee.



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Findings

The Anglo American Remuneration Committee comprises entirely of non Executive Directors. It met formally on five occasions in 2004. The Committee reviews its terms of reference each year and updated them in 2004 to take account of the Higgs Report.

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.

Institutional investors were consulted on remuneration arrangements for the executive directors and this led to the Committee undertaking a review of long term incentives which started in 2003 and continued into 2004. The Committee engaged Ernst & Young to redesign the long term incentive arrangements. The resulting Bonus Share Plan, which was approved by shareholders and has replaced share options and the deferred bonus plan, aligns executive interests even more closely with those of shareholders.

We are satisfied that the process which the Committee followed in considering Ernst & Young's recommendations was appropriate. Both Executive Directors and non Executive Directors were consulted by Ernst & Young and their recommendations were presented to the Committee. Furthermore, we understand that the Bonus Share Plan was discussed with a number of Institutional Investors and that the views of investors were taken into consideration early in the design process. We commend Anglo American for the consulting early with investors and in a manner which enabled the investors' views to be considered and acted upon well before the new plans were put to a shareholder vote.

In our report on the process followed by the Remuneration Committee in 2003, we commented that a number of the executives are now subject to a requirement to hold shares in the Company. We note that from 2005 the Remuneration Committee will review the share holdings of Executive Directors on an annual basis prior to awards being under the Bonus Share Plan. In the event that an Executive Director does not meet the requirement the Committee may reduce his awards under the Bonus Share Plan.

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 during 2004 in line with the Principles of Executive Remuneration stated in the Anglo American Annual Report.

Furthermore we commend the Committee on its continual improvement since we have undertaken these reviews. The Committee has responded to our suggestions for improvement each year and can consider itself an exemplar of best practice.

We would be pleased to respond to any questions that you may have with regard to the process we have followed or the conclusions reached.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Hoble', with a stylized, cursive script.

Mark Hoble