

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.

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.

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.

GOVERNANCE: Directors' remuneration report – continued

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 Mondri, 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)

Directors	Beneficial				Conditional	
	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

Directors	Beneficial				Conditional	
	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.

GOVERNANCE: Directors' remuneration report – continued**Figure 23: Shares in Anglo American plc**

As at 1 January 2011

Directors	Beneficial					Conditional
		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

Directors	Beneficial					Conditional
		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 un-sponsored 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

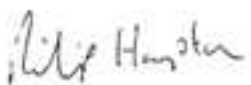
The interests of directors who held office during the period 1 January 2010 to 31 December 2010 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 21 and 22 on page 107.

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.


Sir Philip Hampton

Chairman, Remuneration Committee
18 February 2011