



ANGLO AMERICAN

Annual Results for the period ended 31 December 2007

\$10.1bn

Record total Group operating profit⁽¹⁾

\$8.9bn

Operating profit from core operations⁽²⁾

↑12%

\$5.8bn

Highest ever total Group underlying earnings⁽³⁾

↑5%

\$7.3bn

Total Group profit for the year attributable to equity shareholders

↑18%

Underlying earnings per share \$4.40

↑18%

Value Based Management being rolled out across the Group:

- \$1 billion initial estimate of annualised procurement and shared services savings in 3 years
- \$380 million achieved in cost savings in 2007

Strong performances from Base Metals, Platinum, Ferrous Metals and Industrial Minerals

Final dividend up 15% to 86 cents per share, bringing total normal dividends for the year to 124 cents per share - a 15% increase on 2006

Cynthia Carroll, Chief Executive said:

"In my first year as Chief Executive, I am pleased to report a record financial performance by Anglo American. We achieved our highest ever operating profit of \$10.1 billion and underlying earnings of \$5.8 billion, with continued strong cash generation. The strength of our performance was due to improved production volumes of ferrous metals, copper and zinc, an increased focus on operational discipline and a continuation of the supportive trading environment.

The year under review has seen a combination of strategic restructuring and a period of building from a position of strength, including the identification and execution of opportunities to drive new growth and value.

We have a tremendous \$41 billion pipeline of projects approved and under consideration across our three commodity businesses – precious, base metals and bulks – which, with our leading track record of delivery, will generate significant profitable growth for Anglo American, both in the near and medium term. 2008 will also see our planned expansions delivering significant new production in iron ore and coal.

We have made good strategic progress in 2007. The demerger of Mondy was successfully completed in early July and in August we announced our decision to sell Tarmac, our construction materials business. We also realised in excess of \$2.9 billion by reducing our stake in AngloGold Ashanti to 16.6% by the year end.

We approved a number of significant projects during the year, including the \$1.7 billion Los Bronces copper expansion in Chile and the \$505 million Zondagsfontein coal project in South Africa. In addition, we made several substantial acquisitions, further extending our geographic reach – the 50% stake in the Pebble copper project in Alaska, the Michiquillay copper project in Peru, 70% of the Foxleigh coal mine in Australia and 49% of the Minas-Rio iron ore project in Brazil. As we announced in January, we are now in negotiations to acquire control of the Minas-Rio project and a 70% stake in the Amapá iron ore mine, marking a major advancement in our iron ore growth strategy.

Our restructuring programme is almost complete and we are focused on the operational improvements that will be delivered by our asset optimisation programme and the cultural change that we are implementing across the Group. Together, these initiatives are beginning to drive superior operating performance, substantial procurement benefits and Group-wide cost savings.

The Group achieved cost savings of \$380 million in synergies, efficiencies and procurement. The mining industry continues to experience significant cost pressures across the supply chain, including freight, transportation, fuel and consumables. In spite of these cost pressures, growth in cash costs for the total Group was limited to 4% above inflation. Two major cost saving exercises were launched in the year: the introduction of three regional shared service centres each covering finance, information technology and human resources located in South Africa, Latin America and Asia Pacific and the move to a centralised procurement programme to maximise the benefits of being a global operator – initial estimates are that \$1 billion in annualised procurement and shared services savings will be achieved in 3 years.

2007 also marked a turning point in our approach to safety. Our historic fatality and injury record has been unacceptable and I believe strongly that optimally run businesses have good safety records. We have launched a series of initiatives to drive consistent safety messages and practices across our business. Significant early progress is being made and I expect our operations to build on this momentum in 2008.

In terms of the outlook, Anglo American's position as a focused mining company with a clear strategy and unique position in platinum group metals and diamonds enables us to benefit from the ongoing strong global environment for commodities as we accelerate the realisation of our exciting growth prospects."

Financial results

Anglo American's total Group underlying earnings were a record \$5.8 billion for the year as continued strong metal prices reflected the favourable trading environment for the Group's key commodities and volumes improved in most commodities. Operating profit from the Group's core operations was 12% higher than in 2006 at \$8.9 billion.

Strong contributions came from Base Metals, Platinum, Ferrous Metals' core businesses and Industrial Minerals, which all achieved record operating profit in the year. Coal recorded lower operating profit due to a sharp reduction in contribution from Coal Australia, due to port and rail infrastructure constraints experienced in the industry, necessitating stockpiles and slowing of production resulting in higher demurrage charges, the impact of the appreciation of local currency against the US dollar and lower sales prices. The contributions from both Paper and Packaging and Gold were lower than the prior year due to the demerger of Mondy in early July and the reduction of the Group's shareholding in AngloGold Ashanti from 41.6% to 16.6% during October.

Base Metals generated a record operating profit of \$4,338 million (49% of Anglo American's total operating profit from core operations), up 11%, due to increased copper, zinc and phosphate fertiliser production and higher nickel, lead, niobium and fertiliser prices.

Platinum reported record operating profit of \$2,697 million (30% of Anglo American's total operating profit from core operations), up 12%, due to a significantly higher price achieved for the basket of metals sold and the weaker average rand in relation to the US dollar, partially offset by higher costs and lower refined production.

Ferrous Metals' operating profit increased 5% to \$1,432 million, with operating profit from its core businesses increasing by 59% to \$1,210 million, (14% of Anglo American's total operating profit from core operations), mainly due to higher iron ore and manganese prices, partially offset by the loss of contribution, following their disposal, from Kumba non-iron ore and Highveld.

Coal recorded operating profit of \$614 million (7% of Anglo American's total operating profit from its core operations), 29% lower than the prior year, due to a significant reduction in Australia's contribution, with port and rail constraints which reduced sales, the adverse impact of the appreciation of local currency against the US dollar and lower average metallurgical coal prices. Despite the port and rail constraints experienced in Australia, production at the Australian mines was over 25 million tonnes, 3% above the prior year.

Diamonds recorded attributable operating profit of \$484 million (5% of Anglo American's total operating profit from core operations), up 5% on 2006, principally due to higher earnings from joint ventures and a modest increase in the price of diamonds.

Industrial Minerals saw a significant improvement in its operating profit, up 38% (excluding benefit from exchange rate movements) at \$474 million due in part to disciplined margin management and favourable demand in certain sectors.

Gold's contribution to total Group operating profit declined 57% to \$202 million due to the reduction of the Group's shareholding in AngloGold Ashanti from 41.6% to 17.3% on 2 October, combined with the benefit of consolidating AngloGold Ashanti as a subsidiary for four months in 2006. At 31 December 2007 the Group's shareholding in AngloGold Ashanti was 16.6%.

Paper and Packaging's contribution to total Group operating profit declined to \$324 million, a decrease of 32%, due to the demerger of Mondy in early July 2007.

Production volumes were up for copper, zinc, iron ore and aggregates despite challenging operating conditions at some of the base metals mines. Platinum production volumes from mining operations were down on the prior year due to the interventions to improve safety combined with reduced production efficiency following a shortage of skilled labour, and lower grades at Potgietersrust. Challenging operating conditions and the safety interventions resulted in a decrease in total nickel production compared with the prior year.

Capital structure and increased return to shareholders

At 31 December 2007 the Group's net debt position has increased by \$1.9 billion to \$5.2 billion, reflecting the impact of the share buyback, increased planned capital expenditure and the acquisition of MMX Minas-Rio, partly offset by strong operating cashflows, proceeds from disposals and the impact of the Mondy demerger. The \$3 billion share buyback programme announced in February was completed in October 2007 and the additional share buyback programme of \$4 billion, announced in August, is 33% complete, with around \$1.3 billion of shares having been repurchased at 19 February 2008. Over the last two years, Anglo American has returned a total of \$14.5 billion capital to shareholders.

Dividend

In line with the Group's progressive dividend policy, the final dividend has been raised 15% to 86 cents per share, to be paid on 30 April 2008 subject to shareholder approval at the Annual General Meeting to be held on 15 April 2008. Total dividends for the year amount to 124 cents per share (2006: 175 cents per share including the interim special dividend of 67¢).

Progress on strategic objectives

Anglo American made good progress in 2007 in line with its objective of becoming a leading focused mining company. To achieve the goal of focusing on its three commodity businesses – precious, base metals and bulks, further steps in the Group's restructuring were completed successfully during the year.

The Company disposed of its remaining 29% holding in Highveld Steel and Vanadium in May and Hulett Aluminium (Hulamin) was unbundled from Tongaat-Hulett in June, together with related empowerment transactions, and listed on the Johannesburg Stock Exchange (JSE), resulting in Anglo American's holding in Tongaat-Hulett falling to 37% from 50%.

Mondy, the paper and packaging business, was demerged in July and established as a dual-listed company on the London and Johannesburg stock exchanges. In line with the intention to ultimately exit AngloGold Ashanti, Anglo American reduced its holding from 41.6% to 16.6% by the year end, realising in excess of \$2.9 billion.

Following a strategic review and as announced in August, the decision was taken to sell Tarmac, the construction materials business. Tarmac, which enjoys a leading position in the UK construction materials industry and is well positioned in certain key markets in continental Europe and the Middle East, had a very strong operational performance in 2007, with a number of its business improvement initiatives starting to make a significant impact. It is expected that the performance of Tarmac will continue to underpin a competitive sale process, however it has been decided not to launch the marketing phase of the sale process until current credit market conditions improve. It is therefore unlikely that a sale will be completed within the originally envisaged timetable. Tarmac continues to be managed to maximise shareholder value and this includes active reviews of its portfolio; for example, Tarmac recently increased its ownership of United Marine Holdings, a significant UK marine dredged aggregates business, to 100%.

Anglo American is bringing greater rigour to its operating platform by introducing a value based management (VBM) methodology in all its business units. A pilot project has been completed in Anglo Coal and VBM is now being rolled out into all of the businesses. In addition, an asset optimisation initiative will maximise operational efficiencies at site level and allow benchmarking of performance and the spread of best practices.

The company also made significant progress during 2007 in meeting the employment equity and black economic empowerment requirements of the South African Mining Charter – culminating in ground-breaking equity participation arrangements in Anglo Platinum's assets.

Outlook

The global economic outlook for 2008 is clouded by uncertainty. While it seems clear that US economic activity will be weaker in 2008 than in recent years, it is less clear how economic growth will be affected in the rest of the world, especially in those emerging markets whose growth has been largely responsible for the strong demand that has underpinned commodity prices. In South Africa, the electrical power supply problems are causing disruption to mining operations across the country. At present, it is difficult to accurately forecast the medium term impact of power shortages on Anglo American's businesses. Anglo American is working with Eskom and the South African government to implement solutions.

Global commodity demand remains strong and seems likely to remain so throughout 2008. Global commodity supply continues to be constrained by skills shortages, rising capital and operating costs, longer permitting processes and strong exchange rates in many of the countries where key operations are located. Industry inventories are therefore likely to remain low and continue to underpin prices.

Uplifting our unique portfolio and driving significant growth

- Expediting projects for significant near and medium term growth (PPRust, Sishen, Dawson, Lake Lindsay, Barro Alto, Los Bronces, Zondagsfontein)
- Creating new growth through acquisitions (Minas-Rio / Amapá, Michiquillay, Foxleigh, Pebble)
- \$12 billion of projects currently under development; additional projects under consideration estimated at \$29 billion
- Demerger of Mondy and reduction of AngloGold Ashanti shareholding

US\$ million except per share amounts	Year ended	Year ended	%
	31 December 2007	31 December 2006	
Total Group revenue including associates ⁽⁴⁾	35,674	38,637	(7.7)%
Operating profit including associates before special items and remeasurements – core continuing operations ⁽¹⁾⁽²⁾	8,894	7,974	11.5%
Operating profit including associates before special items and remeasurements – total Group ⁽¹⁾	10,116	9,832	2.9%
Underlying earnings for the year – total Group ⁽³⁾	5,761	5,471	5.3%
EBITDA – total Group ⁽⁵⁾	12,132	12,197	(0.5)%
Net cash inflows from operating activities – total Group	7,264	8,310	(12.6)%
Profit for the year attributable to equity shareholders – total Group	7,304	6,186	18.1%
Earnings per share (US\$):			
Basic earnings per share – total Group	5.58	4.21	32.5%
Underlying earnings per share – total Group	4.40	3.73	18.0%
Interim dividend (US cents per share)	38	33	15.2%
Recommended final dividend	86	75	14.7%
Total normal dividends for year	124	108	14.8%
Special dividend previously paid	-	67	-
Total dividends for year including special dividend	124	175	(29.1)%

Total Group includes both continuing and discontinued operations.

- Operating profit includes share of associates' operating profit (before share of associates' tax and finance charges) and is before special items and remeasurements, unless otherwise stated. See note 4 to the financial information for operating profit on a total Group basis. For definition of special items and remeasurements see note 6 to the financial information and see note 14 for information on discontinued operations.
- Operations considered core to the Group are Base Metals, Platinum, Ferrous Metals' core businesses (Kumba Iron Ore, Scaw Metals, Samancor and Minas-Rio), Coal and Diamonds. See the operating profit table in the financial review of Group results for a reconciliation of operating profit from core operations to total operating profit.
- See note 9 to the financial information for basis of calculation of underlying earnings and see note 14 for information on discontinued operations.
- Represents total Group revenue (including the revenue of discontinued operations) and includes the Group's share of associates' revenue of \$6,142 million (2006: \$5,565 million). See note 3 to the financial information.
- EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates. See note 13 for analysis of EBITDA by continuing and discontinued operations.

Notice of recommended final dividend (dividend no. 18)

The directors have recommended that a dividend on the Company's ordinary share capital in respect of the year ended 31 December 2007 will, subject to approval by shareholders at the Annual General Meeting to be held on Tuesday 15 April 2008 be paid as follows:

Amount (United States currency) (note 1)	86 cents per ordinary share
Amount (South African currency) (note 2)	R6.5461 per share
Last day to effect removal of shares between the UK and SA registers	Tuesday 19 February 2008
Last day to trade on the JSE Limited ('JSE') to qualify for the dividend	Friday 7 March 2008
Ex-dividend on the JSE from the commencement of trading on	Monday 10 March 2008
Ex-dividend on the London Stock Exchange from the commencement of trading on	Wednesday 12 March 2008
Record date (applicable to both the United Kingdom principal register and South African branch register)	Friday 14 March 2008
Currency conversion US\$: £/€ rates announced on	Tuesday 18 March 2008
Removal of shares between the UK and SA registers permissible from	Tuesday 18 March 2008
Last day for receipt of Dividend Reinvestment Plan ('DRIP') Mandate Forms by Central Securities Depository Participants ('CSDPs') (notes 3, 4 and 5)	Tuesday 8 April 2008
Last day for receipt of DRIP Mandate Forms by the UK Registrars or the South African Transfer Secretaries (notes 3, 4 and 5)	Thursday 10 April 2008
Dividend warrants posted	Tuesday 29 April 2008
Payment date of dividend	Wednesday 30 April 2008

Notes:

- Shareholders on the United Kingdom register of members with an address in the United Kingdom will be paid in pounds sterling and those with an address in a country in the European Union which has adopted the euro, will be paid in euros. Such shareholders may, however, elect to be paid their dividends in US dollars provided the UK Registrars receive such election by Friday 14 March 2008. Shareholders with an address elsewhere will be paid in US dollars except those registered on the South African branch register who will be paid in South African rand. The currency conversion rates and the amounts per share in pounds sterling/euros will be announced on Tuesday 18 March 2008.
- Dematerialisation and rematerialisation of registered share certificates in South Africa will not be effected by CSDPs during the period from Monday 10 March 2008 to Friday 14 March 2008 (both days inclusive).
- Those shareholders who already participate in the DRIP need not complete a DRIP mandate form for each dividend as such forms provide an on-going authority to participate in the DRIP until cancelled in writing. Shareholders who wish to participate in the DRIP should obtain a mandate form from the UK Registrars, the South African Transfer Secretaries or, in the case of those who hold their shares through the STRATE system, their CSDP.
- In terms of the DRIP, and subject to the purchase of shares in the open market, share certificates/Crest notifications are expected to be mailed on Tuesday 6 May 2008 and CSDP investor accounts credited/updated on Wednesday 7 May 2008.
- Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.

By order of the Board

N Jordan

Secretary

20 February 2008

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Detailed results are available on www.angloamerican.co.za