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Anglo American PLC
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News Release

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ANGLO AMERICAN RESPONSE TO MERGER PROPOSAL

On 21 June the Board of Anglo American plc ('Anglo American' or 'the Group') announced that it had received a preliminary proposal from Xstrata plc ('Xstrata') in relation to a potential transaction involving the Group.

The Board of Anglo American has regularly reviewed its strategic alternatives, including the rationale for a combination with Xstrata, as a way of progressing Anglo American's objectives. In view of Xstrata's formal request that Anglo American should now consider a merger, the Board has updated its views on the merits of a potential combination.

The Board has concluded that a combination with Xstrata would profoundly impact the nature of the Group's portfolio by significantly diluting Anglo American's unique exposure to the structurally attractive platinum, iron ore and diamond markets while increasing exposure to nickel and zinc.

In reaching its view the Board has also had particular regard to the comparative quality and life of the producing assets and the growth to be delivered from the respective project portfolios of the two companies.

The Board also believes that the integrated approach to asset optimisation and procurement that the Group has implemented will deliver substantial further cost savings for the benefit of Anglo American shareholders.

The Board has therefore concluded that the strategic case for the combination is unattractive for Anglo American shareholders. Irrespective of this lack of strategic merit, the terms proposed by Xstrata were totally unacceptable.

In the light of the review the Board of Anglo American has unanimously concluded that the proposed combination with Xstrata would not be in the interest of Anglo American shareholders.

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About Anglo American

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

UBS Limited ("UBS Investment Bank") is acting exclusively for Anglo American and no one else in connection with the proposal from Xstrata and will not be responsible to anyone other than Anglo American for providing the protections afforded to clients of UBS Investment Bank, or for providing advice in connection with the proposal or any matter referred to herein.

Goldman Sachs International is acting exclusively for Anglo American and no

one else in connection with the proposal from Xstrata and will not be responsible to anyone other than Anglo American for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the proposal or any matter referred to herein.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Anglo American or Xstrata plc ("Xstrata"), all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Anglo American or Xstrata, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of either Anglo American or Xstrata by Anglo American or Xstrata, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on

the Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

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