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## **NO INTENTION TO MAKE AN OFFER FOR ANGLO AMERICAN**

Zug, 15 October 2009

On 17 June 2009, Xstrata plc ("Xstrata") wrote to the Board of Anglo American, seeking engagement to discuss a merger of the two companies. Following the disclosure of Xstrata's approach, Anglo American released an announcement on 22 June 2009, in which it rejected Xstrata's proposal.

On 2 October 2009, the Panel Executive announced a deadline of 5.00 p.m. London time on 20 October 2009 for Xstrata to either announce a firm intention to make an offer for Anglo American under Rule 2.5 of The City Code on Takeovers and Mergers (the "Code") or announce that it does not intend to make an offer for Anglo American.

Xstrata today announces that it has no intention of making an offer for Anglo American.

Mick Davis, Xstrata plc Chief Executive, commented:

"My letter to the Board of Anglo American was intended to commence confidential discussions to explore the potential to merge Xstrata and Anglo American and create a new mining super-major with the scale and diversity to compete in the evolving global mining sector. It is regrettable that the Board of Anglo American immediately rejected our approach, without engaging with Xstrata to investigate the potential to create more value than either company could alone.

"Nonetheless, the compelling strategic rationale for a merger of the two companies remains undiminished and has been recognised by shareholders of both companies. As previously announced, a merger would deliver over US\$1 billion of quantified pre-tax synergies per annum by the third full year following completion<sup>1</sup>, together with superior competitive positioning, scale and diversity. Cost savings measures by either company alone, while commendable, simply cannot realise this value, nor deliver the associated strategic benefits.

"Our decision not to proceed with an offer before the deadline imposed by the UK Takeover Panel reflects our disciplined approach to growth and our focus on the value proposition for Xstrata's shareholders in a merger. We continue to assess a range of alternative growth options, in full recognition that transactions of this nature often take time and patience to mature.

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<sup>1</sup> There are several material assumptions underlying the synergies estimate which might therefore be materially greater or less than those estimated. For further details, please refer to the announcement released by Xstrata on 24 June 2009 (available at [www.xstrata.com/proposedmerger/](http://www.xstrata.com/proposedmerger/)) and, in particular, Appendices II and III thereof.



"I remain very confident in Xstrata's standalone prospects. Decisive actions have been taken over the past twelve months to reposition our businesses lower on the cost curve. Our portfolio is exposed to early stage, infrastructure commodities, in particular copper and thermal coal. We are continuing to invest in our strong organic growth pipeline, with projects representing over \$7.5 billion of investment currently in the construction phase. In total, the development of our growth pipeline will deliver an uplift of approximately 50% over Xstrata's current production profile by 2013. Xstrata is optimally positioned and has the momentum to benefit from global economic recovery."

For the purposes of Rule 2.8 of the Code, Xstrata reserves the right to make or participate in an offer for Anglo American (and/or take any other action which would otherwise be restricted under Rule 2.8 of the Code) within the next six months following the date of this announcement:

- (i) with the agreement or recommendation of the Board of directors of Anglo American;
- (ii) following the announcement of an offer by or on behalf of a third party for Anglo American;
- (iii) following the announcement by or on behalf of Anglo American of a "whitewash" proposal (for the purposes of Note 1 on the Notes on Dispensations from Rule 9 of the Code) or a reverse takeover (as set out in Note 2 on Rule 3.2 of the Code); or
- (iv) if there is a material change of circumstances.

*Ends*

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