

Anglo American plc demerger of Mondi
Allocation of base cost for UK shareholders

As a result of the demerger of the Mondi group, the Anglo American Share Consolidation, the Mondi plc Share Consolidation, and subject to rounding down fractional entitlements to New Anglo American Ordinary Shares, Mondi plc Ordinary Shares and Mondi Limited Ordinary Shares, for every 100 Anglo American Ordinary Shares originally held, shareholders received:

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- 91 New Anglo American Ordinary Shares
- 25 Mondi plc Ordinary Shares; and
- 10 Mondi Limited Ordinary Shares (or Mondi Limited Depositary Interests)

The table below illustrates the number of New Anglo American shares, Mondi plc shares and Mondi Limited shares that shareholders with different numbers of Anglo American shares will hold following the demerger and the share consolidations.

Before the Demerger and Share Consolidations	After the Demerger and Share Consolidations		
Original holding of Anglo American plc	New Anglo American Ordinary Shares	Mondi plc Ordinary Shares	Mondi Limited Ordinary Shares
1	0	0	0
2	1	0	0
5	4	1	0
10	9	2	1
50	45	12	5
100	91	25	10
250	227	62	25
5,000	4,550	1,250	500
10,000	9,100	2,500	1,000

For further information, please refer to the Listing Particulars and Shareholder Circular.

Question: Post the Mondi demerger from Anglo American plc, if I am a UK resident shareholder, how was the base cost of my shareholding in the New Anglo American Ordinary Shares, Mondi plc Ordinary Shares and Mondi Limited Ordinary Shares determined?

IMPORTANT: The following information is intended as an illustrative example only and is based on current legislation, **it does not constitute legal or tax advice for any shareholder.** The information is meant to be relevant to individuals who are resident or ordinarily resident and domiciled in the UK for tax purposes, who are the beneficial owners of their shares and who hold their shares as investments. It should be read in conjunction with the more detailed information contained in paragraph 1 of Part 4 of the circular to shareholders dated 1 June 2007. Anglo American accepts no responsibility for the use that may be made of this information. **Any shareholder who is in any doubt as to his or her UK taxation position should consult his or her own professional advisers.**

The **base cost** for the purposes of taxation of chargeable gains of the New Anglo American Ordinary Shares and the Mondi plc Ordinary Shares immediately after the demerger and share consolidations should be derived from the **base cost** of the Anglo American Ordinary Shares immediately before the demerger. The **base cost** should be determined by reference to the relative **market value** of these holdings. The base cost in the Mondi Limited Ordinary Shares should be their market value. Her Majesty's Revenue & Customs has confirmed that an acceptable basis for making such determination in practice would be by reference to the opening quoted prices of New Anglo American Ordinary Shares, Mondi plc Ordinary shares and Mondi Limited Ordinary Shares all on the first day of dealings following Admission post-Demerger.

The relevant opening share prices (expressed in sterling) on 3 July 2007 were: -

New Anglo American plc Ordinary Shares	£31.35
Mondi plc Ordinary Shares	£5.00
Mondi Limited Ordinary Shares ¹	£4.91

Simplified example 1

Example 1 is intended to be relevant for shareholders **who receive Mondi Limited Ordinary Shares which have a value**, when aggregated with cash received in respect of fractional entitlements to Mondi Limited Ordinary Shares and SA stamp duty paid in respect of those Mondi Limited Ordinary Shares (in each case, converted into sterling) **which is £3,000 or less** (valuing Mondi Limited Ordinary Shares received as described in the Circular and using the exchange rates specified in the footnotes above, this would **equates to less than 610 Mondi Limited shares**) and who accordingly should not in practice be treated as making part disposal on the Reduction of Capital.

Note: The calculations below ignore cash received from the sale of any fractional entitlements arising on the Reduction of Capital and share consolidations and any South African stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital². They are therefore approximations only.

Before the demerger on 2 July 2007, a shareholder had 1,000 Anglo American Ordinary Shares, having an assumed **aggregate base cost** of £10,000.

Following the demerger, transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital and the share consolidations, the shareholder has 910 New Anglo American Ordinary Shares, 250 Mondi plc Ordinary Shares and 100 Mondi Limited Ordinary Shares.

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¹ The Mondi Limited share price is based on a share price of R68.80 translated at the spot rate at 08:00am UK time on 3rd July of R14.0133=£1

² The stamp duty paid per original Anglo American Ordinary Shares held was £0.0009231. The stamp duty was translated from Rand into Sterling at the spot rate at 16:00 UK time on 2nd July of R14.0455=£1.

- **Base cost in New Anglo American Ordinary Shares**

The **base cost** of the 910 New Anglo American Ordinary Shares would be³:

$$\frac{(\pounds 31.35 \times 910)}{((\pounds 5 \times 250) + (\pounds 4.91 \times 100) + (\pounds 31.35 \times 910))} \times \pounds 10,000 = \pounds 9,424.83$$

- **Base cost in Mondi plc Ordinary Shares pre Reduction of Capital**

The base cost of the Mondi plc Ordinary Shares (which represent the value of both Mondi plc and Mondi Limited) before the Reduction of Capital would be⁴:

$$\frac{(\pounds 5 \times 250) + (\pounds 4.91 \times 100)}{((\pounds 5 \times 250) + (\pounds 4.91 \times 100) + (\pounds 31.35 \times 910))} \times \pounds 10,000 = \pounds 575.17$$

- **Effect on the base cost in the Mondi plc Ordinary Shares as a result of the Reduction of Capital**

Following the Reduction of Capital the Mondi plc base cost should in practice be reduced by the value of the Mondi Limited Ordinary Shares received and by any fractional entitlements to Mondi Limited Ordinary Shares and any South African stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital⁵ where the aggregate of those amounts is £3,000 or less (rather than involving a part disposal).

In this simplified example the Mondi plc base cost would therefore be approximately: -

$$\pounds 575.17 - (\pounds 4.91 \times 100) = \pounds 84.17$$

Base cost in Mondi Limited Ordinary Shares

The base cost in the Mondi Limited Ordinary Shares after the Reduction of Capital should be the Sterling market value of the shares received determined by reference to the opening quoted price on the first day of dealings as outlined above, i.e. £4.91.

In this example the total base cost in the Mondi Limited Ordinary shares after the Reduction of Capital is therefore $(\pounds 4.91 \times 100) = \pounds 491.00$.

³ As stated above, the example ignores any fractional entitlements and any South African stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital.

⁴ See footnote 3

⁵ See footnote 3

Simplified example 2

Example 2 is intended to be relevant for shareholders **who receive Mondi Limited Ordinary Shares which have a value**, when aggregated with cash received in respect of fractional entitlements to Mondi Limited Ordinary Shares and South African stamp duty paid in respect of those Mondi Limited Ordinary Shares (in each case, converted into sterling) **which exceeds £3,000** (valuing the Mondi Limited Ordinary Shares received as described in the Circular and using the exchange rates specified in the footnotes below, this would **equate to 610 or more Mondi Limited Ordinary Shares**) and who accordingly are treated as making a part disposal of the Mondi plc Ordinary Shares on the Reduction of Capital.

Note: The calculations below ignore cash received from the sale of any fractional entitlements arising on the Reduction of Capital and share consolidations and any South African stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital⁶. They are therefore approximations only.

Before the demerger on 2 July 2007, a shareholder had 10,000 Anglo American Ordinary Shares, having an assumed **aggregate base cost** of £100,000.

Following the demerger, transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital and the share consolidations, the shareholder has 9,100 New Anglo American Ordinary Shares, 2,500 Mondi plc Ordinary Shares and 1,000 Mondi Limited Ordinary Shares.

(i) Base cost in New Anglo American Ordinary Shares

The **base cost** of the 9,100 New Anglo American Ordinary Shares would be:

$$\frac{(\pounds 31.35 \times 9,100)}{((\pounds 5 \times 2,500) + (\pounds 4.91 \times 1,000) + (\pounds 31.35 \times 9,100))} \times \pounds 100,000 = \pounds 94,248.34$$

i.e. approximately **94.25%** of the **original base cost in the AA plc Ordinary Shares⁷**.

⁶ See footnote 2

⁷ The exact percentage will depend on the amount of cash received by a shareholder in respect of fractional entitlements arising on the Reduction of Capital, the AA plc and Mondi plc share consolidations and the stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital (see footnote 2).

(ii) **Base cost in the Mondi shares**

a. **Base cost in Mondi plc shares pre Reduction of Capital**

The base cost of the Mondi plc shares (which represent the value of both Mondi plc and Mondi Limited) before the Reduction of Capital would be:

$$\frac{(\pounds 5 \times 2,500) + (\pounds 4.91 \times 1,000)}{((\pounds 5 \times 2,500) + (\pounds 4.91 \times 1,000) + (\pounds 31.35 \times 9,100))} \times \pounds 100,000 = \pounds 5,751.66$$

i.e. approximately **5.75%** of the **original base cost in the AA plc Ordinary Shares⁸**.

b. **Effect on the base cost in the Mondi plc Ordinary Shares as a result of the part disposal arising on the Reduction of Capital**

The Reduction of Capital and the resulting entitlement to Mondi Limited Ordinary Shares will constitute a **part disposal of a Shareholder's holding of the Mondi plc Ordinary Shares received pursuant to the Demerger Dividend** for the purposes of the UK taxation of chargeable gains.

Accordingly, a shareholder will generally realise a chargeable gain or allowable loss calculated in practice by reference to: -

	The market quotation of the Mondi Limited Ordinary Shares received on their first day of trading following Admission (see above)
plus	the amount of any South African stamp duty paid by Mondi plc on the Shareholders' behalf, converted into sterling at the spot exchange rate on that date ⁹
plus	any cash amounts received in respect of fractional entitlements to Mondi Limited Ordinary Shares
less	a proportion of such Shareholder's base cost in his or her Mondi plc Ordinary Shares pre Reduction of Capital (see below)

⁸ See footnote 7

⁹ See footnote 2

i. Base cost for part disposal calculation

In this simplified example, the relevant proportion of the **base cost in the Mondi plc Ordinary Shares pre Reduction of Capital** for the chargeable gains calculation would be: -

$$\frac{(\pounds 4.91 \times 1,000)}{((\pounds 5 \times 2,500) + (\pounds 4.91 \times 1,000))} \times \pounds 5,751.66 = \pounds 1,622.09$$

i.e. approximately **28.2%** of the **Mondi plc base cost pre Reduction of Capital**¹⁰ and **1.62%** of the **original base cost in the AA plc Ordinary Shares**¹¹.

ii. The remaining base cost in the Mondi plc Ordinary Shares after the Reduction of Capital is therefore: -

$$\frac{(\pounds 5 \times 2,500)}{((\pounds 5 \times 2,500) + (\pounds 4.91 \times 1,000))} \times \pounds 5,751.66 = \pounds 4,129.57$$

i.e. approximately **71.8%** of the **Mondi plc base cost pre Reduction of Capital**¹² and **4.13%** of the **original base cost in the AA plc Ordinary Shares**¹³.

iii. Base cost in Mondi Limited Ordinary Shares after the Reduction of Capital

The base cost in the Mondi Limited Ordinary Shares after the Reduction of Capital should be the Sterling market value of the shares received determined by reference to the opening quoted price on the first day of dealings as outlined above, i.e. $\pounds 4.91$.

In this example the total base cost in the Mondi Limited Ordinary shares after the Reduction of Capital is therefore $(\pounds 4.91 \times 1,000) = \pounds 4,910.00$.

¹⁰ The exact percentage split of the base cost in the Mondi plc shares pre Reduction of Capital will depend on the amount of cash received by a shareholder in respect of fractional entitlements arising on the Reduction of Capital and the Mondi plc share consolidation and the stamp duty paid by Mondi plc in respect of the transfer of the Mondi Limited Ordinary Shares pursuant to the Reduction of Capital (see footnote 2).

¹¹ See footnote 7

¹² See footnote 10

¹³ See footnote 7