

The Remuneration Committee determines and monitors executive remuneration for the company. This it does through adherence to the company's Executive Remuneration Policy, which is to:

- attract, reward and retain executives of the highest calibre;
- align the behaviour and performance of executives with the company's strategic goals, in the overall interests of shareholders;
- ensure the appropriate mix of short, medium and long-term rewards and incentives, with the latter being closely linked to structured company performance targets and strategic objectives; and
- ensure that regional management is competitively rewarded within a global remuneration policy, which recognises both local and global markets.

In particular the Remuneration Committee is responsible for:

- the remuneration packages for executive directors of the company including, but not limited to, basic salary, performance-based short and long-term incentives, pensions, and other benefits; and
- the design and operation of the company's executive share option and other incentive schemes.

Membership of the Remuneration Committee

At the commencement of 2004, the following non-executive directors were members of the committee:

- Russell Edey (chairman);
- Colin Brayshaw;
- Nicky Oppenheimer;
- Julian Ogilvie Thompson; and
- Tony Trahar.

Messrs Oppenheimer and Ogilvie Thompson retired from the board of AngloGold Ashanti on 29 April 2004 and from all board committees.

Five meetings of the Remuneration Committee were held in 2004. Noting the resignation of Messrs Oppenheimer and Ogilvie Thompson during the year, attendance by members at meetings was as follows:

	Number of meetings held	Number attended
CB Brayshaw	5	5
RP Edey	5	5
NF Oppenheimer	3	2
J Ogilvie Thompson	3	3
AJ Trahar	5	4

All meetings of the committee are attended by the chief executive officer and executive officer: human resources, except when their own remuneration or benefits are being discussed. The services of Deloitte & Touche are retained to act as independent, expert advisers on executive remuneration.

The following principles are applied in determining executive remuneration:

1. Annual remuneration should be a combination of base pay and short, medium and long-term incentives, with salary comprising not more than 50% of annual remuneration.
2. Salary should be set at the median for the relevant markets.
3. All incentive plans should align performance targets with shareholder interests.

Executive director remuneration currently comprises the following elements:

1. **Basic salary**, which is subject to annual review by the Remuneration Committee and is set at the median of salaries in similar companies in the relevant markets both in South Africa and globally. The individual salaries of executive directors are reviewed annually in light of their own performance, experience, responsibility and company performance.
2. **Annual bonus**, which is determined by the achievement of a set of stretching company and individual performance targets. The company targets include earnings per share, cost control and global production. The weighting of the respective contribution of company and individual targets is 70% for company and 30% for individual. Failure to achieve safety improvement targets results in the reduction of bonuses for executive directors.
3. **Share incentive scheme**, which allows for an annual grant of AngloGold Ashanti share options based on the achievement of pre-determined performance targets similar to those used for the annual bonus. Options granted are subject to the achievement of a performance condition set by the Remuneration Committee and are subject to a maximum equivalent to one times' annual salary for any executive director.
4. **Pensions**: all executive directors are members of the AngloGold Ashanti Pension Fund, a defined benefit fund which guarantees a pension on retirement equivalent to 2% of final salary per year of service. Death and disability cover reflects best practice among comparable employers in South Africa.
5. **Other benefits**: Executive directors are members of Discovery Health, which covers the director and his immediate family.

All executive directors hold service contracts that are reviewed and renewed annually. None of the service contracts have conditions which, on termination, provide for salary or benefit payments, whether in cash or in kind, in excess of one year.

Following additional research conducted by Deloitte & Touche on behalf of AngloGold Ashanti, the committee has recommended the discontinuation of the current share incentive scheme and the

introduction of a bonus share plan (BSP) with effect from 2005. The options which have been granted under the scheme will remain subject to the conditions under which they were granted. As noted in last year's report, an investigation was also conducted into the introduction of a long-term incentive plan (LTIP).

The Remuneration Committee has therefore recommended the introduction of a BSP and LTIP, subject to shareholder approval at the annual general meeting to be held in 2005. The main reason for these proposed changes to executive incentive plans is that the current option scheme does not provide sufficient linkage between the interests of shareholders and the efforts of executives or managers. There is also little correlation between the efforts of executives and the success of the option scheme.

Bonus share plan

Participants in the bonus share plan will receive an annual bonus, part of which is paid in cash and part in shares, subject to the performance targets of the plan being achieved. The share element vests after three

years, providing the participant is still in the company's employment at that time.

This will provide senior employees with a real stake in the company, unlike share options, where vesting is dependent on factors outside of their control. The vesting period of three years should also act as an incentive for employees to stay with the company.

Long-term incentive plan

The Remuneration Committee proposes the introduction of an LTIP for the most senior executives and managers in the company. The scheme will reward participants through the granting of shares for the achievement of stretched performance targets over a three-year period. These targets will be based on the performance of earnings per share (EPS) and relative total shareholder return (TSR), whereby the company will need to outperform its gold company peers consistently. Additionally, strategic business objectives will also need to be met, such as the successful integration of Ashanti into AngloGold.

Executive directors' and executive officers' remuneration

All figures have been stated to the nearest R000	Salary	Performance-related payments ⁽¹⁾	Pension scheme contributions	Other benefits ⁽²⁾	Sub total	Pre-tax gains on share options exercised	Total
Executive directors' remuneration 2004							
RM Godsell (chief executive officer)	5,641	2,002	825	162	8,630	–	8,630
JG Best	2,983	1,758	440	169	5,350	–	5,350
DL Hodgson	2,983	958	440	45	4,426	–	4,426
Dr SE Jonah KBE (effective 1 June 2004)	2,967	918	–	318	4,203	–	4,203
KH Williams	3,089	836	458	104	4,487	7,179	11,666
Total	17,663	6,472	2,163	798	27,096	7,179	34,275
Executive officers' remuneration 2004							
Representing 13 executive officers ⁽³⁾	16,131	5,553	2,094	1,377	25,155	2,178	27,333
Executive directors' remuneration 2003							
RM Godsell (chief executive officer)	5,386	1,641	684	120	7,831	–	7,831
JG Best	2,862	743	365	53	4,023	4,932	8,955
DL Hodgson	2,862	743	365	61	4,031	1,845	5,876
KH Williams	2,972	769	380	102	4,223	291	4,514
Total	14,082	3,896	1,794	336	20,108	7,068	27,176
Executive officers' remuneration 2003							
Representing seven executive officers	9,624	2,941	927	886	14,378	6,330	20,708

Rounding may result in computational differences.

⁽¹⁾ In order to more accurately disclose remuneration received/receivable by executive directors and executive officers, the tables above include the performance related payments calculated on the year's financial results. The 2003 comparative figures have been restated accordingly.

⁽²⁾ Includes health care, leave encashment, reimbursement of travel expenses and relocation expenses.

⁽³⁾ Of the 13 executive officers, five were promoted effective 1 May 2004; two were employed effective 1 July 2004; and one was promoted effective 1 December 2004. Emoluments have only been disclosed from the various effective dates, except for performance related payments to be made in 2005 pertaining to 2004 results which reflects total amount.

Non-executive directors' remuneration

The following table details fees and allowances paid to non-executive directors

All figures stated to the nearest R000	2004 ⁽¹⁾				2003			
	Directors' fees	Committee fees	Travel ⁽²⁾ allowance	Total	Directors' fees	Committee fees	Travel allowance	Total
RP Edey (chairman)	602	150	75	827	200	130	43	373
Dr TJ Motlatsi (deputy chairman)	250	123	–	373	150	110	17	277
FB Arisman	99	123	52	274	100	75	45	220
Mrs E le R Bradley	107	137	–	244	100	110	17	227
CB Brayshaw ⁽³⁾	107	115	–	222	100	65	17	182
Dr VK Fung (resigned 30 April 2003)	–	–	–	–	33	10	–	43
AW Lea	101	37	13	151	100	30	–	130
WA Nairn	107	123	–	230	100	110	–	210
NF Oppenheimer (resigned 29 April 2004)	33	10	–	43	100	30	–	130
J Ogilvie Thompson (resigned 29 April 2004)	33	10	–	43	100	30	–	130
SR Thompson (appointed 30 April 2004)	67	33	26	126	–	–	–	–
AJ Trahar	107	37	–	144	100	30	–	130
PL Zim (appointed 30 April 2004)	73	33	–	106	–	–	–	–
Total – non-executive directors	1,686	931	166	2,783	1,183	730	139	2,052
Alternates								
DD Barber	–	–	–	–	–	–	17	17
PG Whitcutt	–	–	–	–	–	15	–	15
Total – alternate directors	–	–	–	–	–	15	17	32
Grand total	1,686	931	166	2,783	1,183	745	156	2,084

Rounding may result in computational differences

⁽¹⁾ At the annual general meeting of shareholders held on 29 April 2004, shareholders approved an increase in directors' fees with effect from 1 May 2004 as follows:

- Chairman – \$130,000 (to 30 April 2004: R200,000) per annum
- Deputy chairman – R300,000 (to 30 April 2004: R150,000) per annum
- South African resident directors – R110,000 (to 30 April 2004: R100,000) per annum
- Non-resident directors – \$16,000 (to 30 April 2004: R100,000) per annum

⁽²⁾ A payment of a travel allowance of \$4,000 (effective 1 May 2004) or \$2,000 prior to this date, per meeting is made to non-executive directors who travel internationally to attend board meetings. In addition, AngloGold Ashanti is liable for the payment of all travel costs.

⁽³⁾ In addition, Mr Brayshaw was paid a fee of R15,000 (2003: R15,000) by AGR Insurance Company Limited, a wholly-owned subsidiary, as chairman of its audit committee.

Executive directors do not receive payment of directors' fees or committee fees.

Share incentive scheme

Options to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive officers and other managers during the year to 31 December 2004 and subsequent to year-end.

Executive directors, executive officers and other managers

	RM Godsell	JG Best	DL Hodgson	SE Jonah	KH Williams	Total Directors	Total Executive Officers**	Total Other**	Total Scheme	
Granted as at 1 January 2004										
Number	210,300	58,800	84,600	-	91,100	444,800	287,860	3,187,300	3,919,960	
Average exercise price per share	- R	131.27	171.38	166.27	-	141.00	145.22	181.80	214.16	203.96
Granted during the year										
Number	14,000	12,000	8,000	50,000	8,000	92,000	57,600	1,051,400	1,201,000	
Average exercise price per share	- R	228.00	228.00	228.00	221.00	224.20	228.00	228.00	228.00	227.71
Exercised during the year										
Number	-	-	-	-	40,100	40,100	14,600	138,100	192,800	
Average exercise price per share	- R	-	-	-	104.00	104.00	116.20	118.88	115.58	
Average market price per share at date of exercise	- R	-	-	-	283.03	283.03	265.39	272.16	273.91	
Pre-tax gain at date of exercise	- R	-	-	-	7,178,916	7,178,916	2,178,212	21,168,311	30,525,439	
Average per share	- R	-	-	-	179.03	179.03	149.19	153.28	158.33	
Lapsed during the year										
Number	-	-	-	-	-	-	-	111,200	111,200	
Average exercise price per share	- R	-	-	-	-	-	-	235.59	235.59	
Held at 31 December 2004										
Number	224,300	70,800	92,600	50,000	59,000	496,700	330,860	3,989,400	4,816,960	
Average exercise price per share granted	- R	137.31	180.98	171.60	221.00	177.94	163.18	192.74	220.51	212.69
Latest expiry date	1 November 2014	1 November 2014	1 November 2014	1 May 2014	1 November 2014		1 November 2014	1 November 2014		
Subsequent to year-end (to 24 February 2005)										
Exercised										
Number	-	8,000	-	-	-	8,000	-	13,800	21,800	
Average exercise price per share	- R	-	108.00	-	-	108.00	-	122.22	117.00	
Average market price per share at date of exercise	- R	-	210.00	-	-	210.00	-	203.00	205.57	
Pre-tax gain at date of exercise	- R	-	816,000	-	-	816,000	-	1,114,748	1,930,748	
Average per share	- R	-	102.00	-	-	102.00	-	80.78	88.57	
Lapsed										
Number	-	-	-	-	-	-	-	-	-	
Average exercise price per share	- R	-	-	-	-	-	-	-	-	
Held at 24 February 2005										
Number	224,300	62,800	92,600	50,000	59,000	488,700	330,860	3,975,600	4,795,160	
Average exercise price per share	- R	137.31	190.27	171.60	221.00	177.94	164.08	192.74	220.85	213.12
Latest expiry date	1 November 2014	1 November 2014	1 November 2014	1 May 2014	1 November 2014		1 November 2014	1 November 2014		

** During the year, six senior managers were promoted to executive officers resulting in 112,460 options at an average strike price of R176.64 per option being transferred from the opening balance under "other" to the opening balance under "executive officers".