

Remuneration

report

The Remuneration Committee sets and monitors executive remuneration for the company, in line with the executive remuneration policy. This policy has as its objectives 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 balance between short-, medium- and long-term rewards and incentives, with the latter being closely linked to structured company performance targets and strategic objectives that are in place from time to time; and
- ensure that regional management is competitively rewarded within a global remuneration policy, which recognises both local and global market practice.

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.

REMUNERATION COMMITTEE

During 2008, members of the Committee comprised the following non-executive directors:

- Siphon Pityana (appointed chairman effective 1 August 2008)
- Russell Edey (chairman up to 31 July 2008)
- Reginald Bannerman
- Prof Wiseman Nkuhlu
- Frank Arisman
- Dr James Motlatsi

During the year, all members attended the three meetings of the Remuneration Committee that were held, except Mr Pityana who was unable to attend one meeting.

	Number of meetings attended
SM Pityana	2/3
FB Arisman	3/3
RE Bannerman	3/3
RP Edey	3/3
TJ Motlatsi	3/3
WL Nkuhlu	3/3

All meetings of the committee are attended by the chief executive officer and executive vice president – 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:

- Annual remuneration is a combination of base pay and short-, medium- and long-term incentives, with salary comprising about 50% of annual remuneration if the bonus and LTIP targets are achieved.
- Salary is set at the median for the relevant competitive market.
- All incentive plans align performance targets with shareholder interests.

BONUS SHARE PLAN (BSP) AND LONG-TERM INCENTIVE PLAN (LTIP)

BSP

Shareholders approved the introduction of two new plans to replace the old share incentive scheme at the annual general meeting held on 29 April 2005. The purpose of both schemes is to align the interests of shareholders and the efforts of executives and managers.

To the extent that structured company performance targets are achieved, the BSP allows for the payment of an annual bonus, paid partly in cash and partly in rights to acquire shares.

The BSP scheme was revised in 2008, with the approval of shareholders, to increase in the maximum bonus quantum (and the accompanying share award) for all levels of participants. In the case of the CEO and CFO, the maximum bonus earning opportunity was increased to 160% and 140% respectively. The vesting period for the bonus shares was also altered with part of the award vesting after the first and second years and an enhancement after a third year if the shares are not sold before the end of year three. The split between company and individual performance in determining the bonus at executive level was also changed to 60% company and 40% individual.

LTIP

The LTIP allows for the granting of rights to acquire shares, determined by the achievement of stretched company performance targets over a three-year period. These targets are based on the performance of earnings per share (EPS) and relative total shareholder return (TSR), whereby the company will need to consistently outperform its gold company peers. Additionally, certain strategic business objectives, which the Remuneration Committee determines from time to time, will also need to be met. For 2008 strategic business objectives set by the Remuneration Committee includes safety improvement targets and reserve and resource ounce generation.

EXECUTIVE REMUNERATION

Executive director remuneration currently comprises the following elements:

- **Basic salary**, which is subject to annual review by the Remuneration Committee and is set in line with 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 accordance with their own performance, experience, responsibility and company performance.
- **Annual bonus**, which is determined by the achievement of a set of stretched company and individual performance targets. For 2008, the company targets were based on performance measures including safety, EPS, cost control, and gold production. The weighting of the respective contribution of company and individual targets is 60% company and 40% individual. 50% of the bonus is paid in cash and 50% in the awarding of rights to acquire shares in terms of the BSP.
- **LTIP**: The CEO and CFO are granted the right to acquire shares of value equivalent to 120% and 100% of their annual salaries, respectively, subject to the achievement of stretched company performance targets over a three-year period. These targets are based on the performance of EPS and TSR, whereby the company will need to consistently outperform its gold company peers. Additionally, strategic business objectives will also need to be met.

In 2005, the first grant of LTIP awards was made to executive directors and executive and senior management. When the LTIP awards vested at the end of 2007, only one performance target was achieved, resulting in a vesting of 40% of awards granted, with the balance lapsing. The LTIP awards granted in 2006 will vest on 31 July 2009 and based on the performance targets achieved, 40% of awards granted will vest in respect of executive directors and executive management, and 45% of awards granted will vest for other management with the balance lapsing.

At the discretion of the Remuneration Committee, cash payments, equal in value to the dividends which would have been paid on an award of actual shares during the vesting period was made when the BSP awards of 2006 vested. A cash payment will also be made when the LTIPs awarded in 2006 vest end-July 2009.

- **Pensions and risk benefits**: Executive directors belong to AngloGold Ashanti's pension fund. However, executive directors who are non-South African citizens have the option of electing a retirement benefit in their country and currency of choice, in which case, the company contributes an amount equal to the contribution made for other AngloGold Ashanti executives. Death and disability cover reflects best practice amongst comparable employers in South Africa.
- **Other benefits**: Executive directors are members of an external medical aid scheme, which covers the director and his immediate family.

Remuneration

report cont.

DIRECTORS' SERVICE CONTRACTS

Service contracts of executive directors are reviewed annually. Mark Cutifani, as chief executive officer, has an initial contract of 24 months, but with a 12-month notice period. The notice period for the chief financial officer Srinivasan Venkatakrishnan, is nine months. The contracts also deal with compensation if an executive director is dismissed or if there is a material change in role, responsibilities or remuneration following a new shareholder assuming control of the company.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

All figures stated to the nearest R000 ⁽¹⁾	Appointed with effect from ⁽²⁾	Resigned/ retired with effect from ⁽²⁾	2008				2007			
			Directors' fees ⁽³⁾	Com-mittee fees	Travel ⁽⁴⁾	Total	Directors' fees ⁽³⁾	Com-mittee fees	Travel ⁽⁴⁾	Total
RP Edey (Chairman)			1,274	266	219	1,759	1,005	220	128	1,353
Dr TJ Motlatsi (Deputy chairman)			360	160	-	520	335	186	-	521
FB Arisman			212	275	170	657	141	212	128	481
RE Bannerman			212	100	219	531	150	107	128	385
Mrs E le R Bradley		6 May 08	45	42	-	87	125	195	-	320
CB Brayshaw		5 May 07	-	-	-	-	46	78	-	124
Mrs C Carroll	5 May 07	9 Oct 07	-	-	-	-	29	-	-	29
Dr SE Jonah (President)		12 Feb 07	-	-	-	-	90	62	-	152
R Médori		9 Oct 07	-	-	-	-	107	-	-	107
JH Mensah			212	175	170	557	150	77	128	355
WA Nairn			135	160	-	295	125	157	-	282
Prof WL Nkuhlu			135	225	-	360	125	110	-	235
SM Pityana	13 Feb 07		135	279	-	414	115	109	-	224
SR Thompson		28 July 08	117	133	40	290	141	92	64	297
AJ Trahar		5 May 07	-	-	-	-	48	38	-	86
Total – non-executive directors			2,837	1,815	818	5,470	2,732	1,643	576	4,951
Alternates										
PG Whitcutt		9 Oct 07	-	-	-	-	-	33	-	33
Total – alternate directors			-	-	-	-	-	33	-	33
Grand total			2,837	1,815	818	5,470	2,732	1,676	576	4,984

Rounding may result in computational differences

(1) Where directors' compensation is in dollars, the amounts reflected are the actual South African rand values paid calculated using the R:\$ rate of exchange at the time.

(2) Fees are disclosed only for the period from or to which, office is held.

(3) At the annual general meeting of shareholders held on 4 May 2007 shareholders approved an increase in directors fees with effect from 1 May 2007

- Chairman - \$150,000 per annum
- Deputy chairman and president - R360,000 per annum
- South African resident directors - R135,000 per annum
- Non-resident directors - \$25,000 per annum

The non-executive directors' remuneration was last adjusted in 2007 and as a result, has lagged behind that of a comparator group of companies, both locally and globally. In order to continue to attract individuals of high calibre to serve as non-executive directors, and to enable the company to achieve its strategic objectives, a proposal to adjust the non-executive directors remuneration in line with the market and the company's business strategy, will be tabled at the annual general meeting to be held on 15 May 2009.

(4) A payment of a travel allowance of \$5,000 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.

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

EXECUTIVE DIRECTORS' AND EXECUTIVE MANAGEMENT REMUNERATION

Executive director and executive management remuneration is made up as follows:

All figures in R000	Appointed with effect from ⁽¹⁾	Resigned/ retired with effect from ⁽¹⁾	Compen- sation and recruit- ment ⁽²⁾	Perfor- mance related pay- ments ⁽³⁾	Pension scheme contri- butions	Other benefits ⁽⁴⁾	En- cashed leave ⁽⁵⁾	Sub total	Pre-tax gains on share options exercised	Total	
Executive directors' remuneration 2008											
M Cutifani	Full year		9,513	–	5,877	1,477	24	–	16,891	–	16,891
S Venkatakrishnan ⁽⁷⁾	Full year		5,585	–	3,613	1,004	–	–	10,202	1,837	12,039
			15,098	–	9,490	2,481	24	–	27,093	1,837	28,930
Executive management's remuneration 2008											
Representing 11 executive management ⁽⁷⁾			31,771	–	14,541	5,135	1,194	496	53,137	1,584	54,721
Total executive directors, and executive management remuneration 2008											
			46,869	–	24,031	7,616	1,218	496	80,230	3,421	83,651

Remuneration

report cont.

Executive directors' and executive managements' remuneration

All figures in R000	Appointed with effect from ⁽¹⁾	Resigned/ retired with effect from ⁽¹⁾	Compen- sation and recruit- ment ⁽²⁾	Perfor- mance related pay- ments ⁽³⁾	Pension contri- butions	Other benefits ⁽⁴⁾	En- cashed leave ⁽⁵⁾	Sub total	Pre-tax	Total	
									gains on share options exercised		
Executive directors' remuneration 2007											
M Cutifani	17 Sep 07		1,594	15,197	963	–	704	–	18,458	–	18,458
R Carvalho Silva ⁽⁶⁾		30 Sep 07	4,468	20,240	1,001	2,121	1,594	1,496	30,920	4,574	35,494
RM Godsell		30 Sep 07	5,029	9,794	–	763	92	1,853	17,531	35,664	53,195
NF Nicolau		12 Nov 07	4,925	16,688	958	783	826	125	24,305	2,367	26,672
S Venkatakrisnan	Full year		4,563	–	1,714	774	–	244	7,295	–	7,295
			20,579	61,919	4,636	4,441	3,216	3,718	98,509	42,605	141,114
Executive officers' remuneration to 30 November 2007											
Representing 15 executive officers			28,400	–	6,219	3,590	259	670	39,138	11,483	50,621
Executive officers' remuneration from 1 December 2007											
Representing 10 executive officers			2,422	–	513	299	43	360	3,637	–	3,637
Total executive directors, executive officers and executive management remuneration – 2007			51,401	61,919	11,368	8,330	3,518	4,748	141,284	54,088	195,372

Rounding of figures may result in computational discrepancies.

- (1) Salaries are disclosed only for the period from or to which office was held except in respect of Messrs Godsell, Carvalho Silva and Nicolau, which amounts reflect total payments made to the date of the 2007 report.
- (2) Compensation and recruitment expenses relate to the once-off payments made to Messrs Godsell, Carvalho Silva and Nicolau on their retirement/resignation from the board and company, and to Mark Cutifani on his appointment as chief executive officer.
- (3) In order to more accurately disclose remuneration received/receivable by executive directors and executive management, the tables above include the performance related payments calculated on the year's financial results.
- (4) Includes health care, personal travel and relocation expenses, and in respect of Mr Carvalho Silva, a compulsory payment to an unemployment insurance fund and a medical promise payout in respect of Mr Nicolau.
- (5) In 2005, AngloGold Ashanti altered its policy regarding the number of leave days that may be accrued. As a result surplus leave days accrued are compulsorily encashed.
- (6) Mr Carvalho Silva's earnings were paid in Brazilian real and US dollars. For the purposes of this annual report, values have been converted to South African rands using the monthly average rates of exchange.
- (7) Mr Venkatakrisnan applied all of the proceeds after tax from the sale of his share options to acquire 4,569 ordinary shares in AngloGold Ashanti. Of the 15,563 share options exercised by the executive management, the proceeds from the sale of 12,963 options were used to acquire 2,304 ordinary shares in AngloGold Ashanti.

SHARE INCENTIVE SCHEMES

Options and rights to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive management and other managers during the year to 31 December 2008 and subsequent to year-end.

Executive directors, executive management and other managers

	M Cutifani	(1) Venkat #	Total directors	(2) Total executive management	Total other managers	Total scheme
Granted and outstanding at 1 January, 2008 (3)						
Number	–	45,396	45,396	316,339	2,952,519	3,314,253
Granted during the year (4)						
Number	39,440	32,046	71,486	182,811	1,137,998	1,392,295
Exercised during the year						
Number	–	7,615	7,615	15,563	649,367	672,545
Pre-tax gain before expenses at date of exercise – R000	–	R1,837	R1,837	R1,584	R77,167	R80,588
Lapsed during the year						
Number	–	7,800	7,800	33,000	551,407	592,207
Held at 31 December 2008						
Number	39,440	62,027	101,467	450,587	2,889,742	3,441,796
Subsequent to year-end (to 31 January 2009)						
Granted						
Number	–	–	–	–	6,026	6,026
Exercised						
Number	–	–	–	–	34,775	34,775
Pre-tax gain before expenses at date of exercise – R000	–	–	–	–	R5,244	R5,244
Lapsed						
Number	–	–	–	–	22,686	22,686
Held at 31 January 2009						
Number	39,440	62,027	101,467	450,587	2,838,307	3,390,361
Latest expiry date	28 Feb 2018	28 Feb 2018		30 June 2018	6 Jan 2019	

Of the 3,441,796 options and rights granted and outstanding at 31 December 2008, 1,707,255 options are fully vested.

- (1) All the after tax proceeds from the sale of options were used to acquire 4,569 ordinary shares in the company.
- (2) Of the 15,563 options exercised, and the proceeds from the sale of 12,963 options were used to acquire 2,304 ordinary shares in the company.
- (3) As a result of the change in status, the following movements to opening balances were made:
- From director status to other management 117,786 options/awards
 - From executive management to other management 207,027 options/awards
- (4) Awards granted since 2005 have been granted at NIL cost to participants
- (5) On 17 February 2009, a total of 740,609 BSP and 528,538 LTIP awards were granted to 1,558 and 87 eligible employees respectively. Awards granted to M Cutifani and Venkat are as follows:

	BSP	LTIP
M Cutifani	19,992	40,694
Venkat	15,268	21,238

Venkat refers to S Venkatakrishnan.