

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

For 2007, members of the Committee comprised the following non-executive directors:

- Russell Edey (Chairman)
- Reginald Bannerman
- Prof Wiseman Nkuhlu (appointed 27 July 2007)
- Frank Arisman (appointed 27 July 2007)
- Siphon Pityana (appointed 27 July 2007)
- Dr James Motlatsi (appointed 27 July 2007)
- Colin Brayshaw (resigned 5 May 2007)
- Tony Trahar (resigned 5 May 2007)

During the year, four meetings of the Remuneration Committee were held. Attendance by members or their designated alternates was as follows:

	Number of meetings attended
RP Edey	4
RE Bannerman	4
CB Brayshaw *	1
AJ Trahar *	1
WL Nkuhlu **	3
FB Arisman **	3
SM Pityana **	3
TJ Motlatsi	2

* Entitled to attend only one meeting.

** Attended all meetings since appointment to committee.

All meetings of the committee are attended by the chief executive officer and executive vice president – organisational development 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.
- 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 schemes 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 in part in cash and in part in rights to acquire shares.

Proposed changes to the BSP

The global scramble for skills in the resources sector has had the effect of greatly increasing levels of remuneration for skilled professionals and managers. Whilst AngloGold Ashanti has been relatively successful in retaining many of its skilled professionals and managers, its competitive position in respect of remuneration has been significantly eroded. This is especially true of the awarding of shares and the magnitude of bonuses paid, which compare unfavourably both within South Africa and globally.

At the forthcoming annual general meeting, the company will propose raising the levels of maximum performance bonus payable and the maximum levels of bonus share awards, reducing the vesting period of bonus shares from three years to two years, and altering the split between company and individual performance in determining the bonus.

LTIP

The LTIP allows for the granting of rights to acquire shares, based on 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 will determine from time to time, will also need to be met.

Remuneration report continued

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 stretching company and individual performance targets. The company targets include safety, EPS, cost control, and global production. The weighting of the respective contribution of company and individual targets is 70% company and 30% individual. Failure to achieve safety improvement targets results in the reduction of bonuses for executive directors and executive management – 50% of the bonus is paid in cash and 50% in the awarding of rights to acquire shares. The awards have a three-year vesting period.
- **LTIP:** The CEO and executive director 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.

The first tranche of LTIP awards was made to executive directors in 2005. The performance period in respect of the 2005 LTIP award ended at the end of 2007. Only one of the performance targets, TSR, was met, which means that only 40% of the award of shares will vest, whilst the balance will lapse.

- **Pensions:** All executive directors who are South African citizens, 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. All executive directors who are not South African citizens have other retirement benefit plans, to which the company contributes, to the level required by local practice. 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.

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 and executive director, 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. Compensation for these particular circumstances is calculated at twice the notice period earnings.

Non-executive directors' remuneration

The following table details fees and allowances paid to non-executive directors in 2007:

All figures stated to the nearest R000 ⁽¹⁾	Resigned/		2007				2006			
	Appointed with effect from ⁽²⁾	retired with effect from ⁽²⁾	Directors' fees ⁽³⁾	Com-mittee fees	Travel ⁽⁴⁾	Total	Directors' fees ⁽³⁾	Com-mittee fees	Travel ⁽⁴⁾	Total
RP Edey (Chairman)			1,005	220	128	1,353	919	160 ⁽⁶⁾	113	1,192
Dr TJ Motlatsi (Deputy chairman)			335	186	–	521	300	130	–	430
FB Arisman			141	212	128	481	113	140 ⁽⁶⁾	113	366
RE Bannerman	10 Feb 06		150	107	128	385	113	26 ⁽⁶⁾	59	199
Mrs E le R Bradley			125	195	–	320	110	150 ⁽⁶⁾	–	260
CB Brayshaw ⁽⁵⁾		5 May 07	46	78	–	124	110	138 ⁽⁶⁾	–	248
Mrs C Carroll	5 May 07	9 Oct 07	29	–	–	29	–	–	–	–
Dr SE Jonah (President)		12 Feb 07	90	62	–	152	157	120	–	277
R Médori		9 Oct 07	107	–	–	107	111	3	–	114
JH Mensah	4 Aug 06		150	77	128	355	47	–	28	75
WA Nairn			125	157	–	282	110	130	–	240
Prof WL Nkuhlu	4 Aug 06		125	110	–	235	46	25	–	71
SM Pityana	13 Feb 07		115	109	–	224	–	–	–	–
SR Thompson			141	92	64	297	111	80	–	191
AJ Trahar		5 May 07	48	38	–	86	110	40 ⁽⁶⁾	–	150
PL Zim		4 Aug 06	–	–	–	–	83	60	–	143
Total – non-executive directors			2,732	1,643	576	4,951	2,440	1,263	313	4,016
Alternates										
DD Barber		4 Aug 06	–	–	–	–	–	–	–	–
AH Calver		1 Jan 07	–	–	–	–	–	–	–	–
PG Whitcutt		9 Oct 07	–	33	–	33	–	37	–	37
Total – alternate directors			–	33	–	33	–	37	–	37
Grand total			2,732	1,676	576	4,984	2,440	1,300	313	4,053

⁽¹⁾ Where directors' compensation is in dollars, amounts reflected are the actual South African rand values at the date of payment.

⁽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

⁽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.

⁽⁵⁾ Mr Brayshaw received fees from AGR Insurance Company Limited, a wholly owned subsidiary, for his roles as both director and as a member of its audit committee.

⁽⁶⁾ Figures have been reclassified to conform with current year presentation.

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

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Executive directors', executive officers and executive management remuneration – 2007

Following the appointment of Mark Cutifani as chief executive officer, AngloGold Ashanti re-organised its executive management teams with effect from 1 November 2007, in line with the renewed strategic focus of the company. A decentralised regional operating structure was established with three executive vice presidents for Africa, the Americas and Australasia reporting directly to the chief executive officer. In addition, the heads of business strategy, business development, business effectiveness, sustainability and organisational development were made executive vice presidents. These operations and functional executive vice presidents, together with the vice president – treasurer, the vice president – compliance and corporate administration, the chief executive officer and the chief financial officer, constitute the company's executive management.

	Appointed with effect from ⁽¹⁾	Resigned/retired with effect from ⁽¹⁾	Compen-sation and recruit-ment ⁽²⁾	Per-formance related pay-ments ⁽³⁾	Pension scheme contri-butions	Other benefits ⁽⁴⁾	Encashed leave ⁽⁵⁾	Sub total	Pre-tax gains on share options exercised	Total	
		Salary									
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 Venkatakrishnan		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

** Resigned from board effective 12 November 2007 and left the company effective 31 January 2008.

(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 this 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, executive officers 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.

Executive directors' and executive officers' remuneration – 2006

	Appointed with effect from ⁽¹⁾	Resigned/retired with effect from ⁽¹⁾	Performance related Salary payments ⁽²⁾	Pension scheme contributions	Other benefits ⁽³⁾	Encashed leave ⁽⁴⁾	Sub total	Pre-tax	Total	
								gains on share options exercised ⁽⁵⁾		
Executive directors' remuneration 2006										
RM Godsell (Chief Executive Officer)			6,334	2,400	935	63	–	9,732	2,197	11,929
R Carvalho Silva			5,159	1,165	2,088	50	437	8,899	–	8,899
NF Nicolau			3,692	1,165	561	24	143	5,585	3,452	9,037
S Venkatakrisnan			3,801	1,165	646	–	–	5,613	–	5,613
KH Williams		6 May 06	1,186	–	175	88	–	1,449	–	1,449
			20,171	5,895	4,406	226	580	31,278	5,649	36,927
Executive officers' remuneration 2006										
Representing 16 executive officers			29,410	6,658	3,208	1,419	265	40,960	7,461	48,421
Total executive directors and executive officers remuneration – 2006			49,581	12,553	7,614	1,645	845	72,238	13,110	85,348

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

(2) 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.

(3) Includes health care, personal travel and relocation expenses.

(4) 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.

(5) On exercising of options granted in terms of the AngloGold share incentive scheme, Messrs Godsell and Nicolau applied proceeds from the sale of the shares to acquire 3,833 (2005: 8,717) and 2,900 AngloGold Ashanti shares respectively.

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Share incentive schemes

Options and rights to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive officers/management and other managers during the year to 31 December 2007 and subsequent to year-end.

Executive directors, executive officers/management and other managers

		M Cutifani	RM Godsell
Granted and outstanding at 1 January, 2007			
Number	– R	–	259,925
Granted during the year			
Number	– R	–	32,540
Exercised during the year			
Number	– R	–	147,728
Pre-tax gain after expenses at date of exercise	– R000	–	35,664
Lapsed during the year			
Number	– R	–	78,737
Held at 31 December 2007			
Number	– R	–	66,000
Subsequent to year-end (to 31 January 2008)			
Exercised			
Number	– R	–	–
Pre-tax gain after expenses at date of exercise	– R000	–	–
Lapsed			
Number	– R	–	–
Held at 31 January 2008			
Number	– R	–	66,000
Latest expiry date		–	30 Sep 2008

Of the 3,314,253 options and rights granted and outstanding at 31 December 2007, 1,845,160 options are fully vested, and 208,551 options vest on 4 May 2008 in terms of the BSP, while 105,640 options vest on 4 May 2008 with 158,460 options lapsing in terms of the LTIP.

For the average weighted exercise/issue price per share, refer to the section on 'Options and rights' in the Directors' report on page 154.

Venkat refers to S Venkatakrisnan.

			Total executive			
R Carvalho Silva	NF Nicolau	Venkat [#]	Total directors	officers/ management	Total other	Total scheme
69,160	53,380	29,590	412,055	508,225	3,279,540	4,199,820
15,806	15,806	15,806	79,958	100,391	450,410	630,759
37,096	23,400	–	208,224	72,552	901,106	1,181,882
4,574	2,367	–	42,605	11,484	87,538	141,627
41,870	–	–	120,607	12,698	201,139	334,444
6,000	45,786	45,396	163,182	523,366	2,627,705	3,314,253
–	–	–	–	–	205,632	205,632
–	–	–	–	–	–	–
–	–	–	–	–	–	–
6,000	45,786	45,396	163,182	523,366	2,422,073	3,108,621
30 Sep 2008	12 Nov 2008	15 Mar 2017		15 Mar 2017	15 Mar 2017	