

# Announcement of proposal relating to amendments to the Rules of the Bonus Share Plan and Rules

Friday, February 08, 2013

## **SUMMARY OF THE PROPOSED AMENDMENTS TO THE RULES OF THE BONUS SHARE PLAN AND THE LONG TERM INCENTIVE PLAN:**

2.1. The Company has reviewed the executive pay component of its remuneration policy as a result of, inter alia, the increase in the approaches made to attract executive members by third parties, a decision to focus on talent pipelines and role tenure, feedback received from stakeholders on aspects of the remuneration policy and the current environment being experienced in the South African mining industry.

2.2 The review dealt with all aspects of executive remuneration. As part of the review process, the Company engaged the services of an independent advisor, who considered both the base pay structure and short- and long-term incentive awards. The conclusion of the review was that while the base pay structure of the Company is in line with market practice and appropriate for the current environment, short-term and long-term incentives were not optimally structured. It was recommended that certain changes be made to the equity incentive benefit structure. Accordingly, certain changes are proposed to the Bonus Share Plan and the Long Term Incentive Plan.

2.3 As part of the process, the terms of the incentive schemes have been updated to cater for changes in company law and related legislation and the fact that the Company no longer has a single shareholder with a material interest in the company, which was the case when these schemes were introduced. The specific amendments to the schemes, which require the approval of shareholders in terms of the Listings Requirements are explained in detail below.

### **The Bonus Share Plan**

2.4 The Bonus Share Plan is a short term incentive plan, in terms of which participants are awarded a cash bonus and an allocation of matching shares, the value of which is calculated with reference to the cash bonus. Currently, the scheme provides for the shares to be delivered in 2 tranches, with 40% of those shares delivered at the end of the first year, and 60% delivered at the end of the second year. In addition awards made in terms of the Bonus Share Plan currently entitle participants to receive further shares to the value of 20% of the award at the end of the third year after the award, provided that they fulfilled certain conditions. It is proposed to amend the vesting profile such that 50% of the shares vest and are delivered at the end of each of the two years, which is in line with market norms. It is further proposed that no 20% uplift will be received after three years for new awards, instead the uplift will be included in the initial award to participants, which will vest in equal parts over the two-year period. In addition, executives will be offered additional shares, which will vest over the same two-year period.

2.5 The scheme prescribes individual limits on the awards made to categories of participants. It prescribes a maximum amount, expressed as a percentage of total salary, for a cash bonus awarded to a participant. It is not proposed to amend this limit. It then prescribes a maximum amount for bonus share allocations awarded in terms of the scheme, expressed as a percentage

of the cash bonus received. As a result of the proposal to do away with the 20% uplift referred to in paragraph 2.4, and the wish to increase the equity based incentive for executives, it is proposed that the maximum limit for bonus share allocations be increased. The proposed limits are as follows: for the CEO the limit is to be increased from 80% to 120% of the cash bonus, for the CFO and nominated executive directors from 70% to 105% of the cash bonus, for members of the executive committee from 60% to 90% of the cash bonus, and for other participants the allocation ranges from between 25% to 50% of the cash bonus to between 30% and 60% of the cash bonus, depending on the level of the participant. In addition, it is proposed that the categories of participants to whom the above limits apply be modified to cater for developments in the executive structure of the Company since the introduction of the scheme.

2.6 Given the challenges that currently exist in the South African mining sector, and the increased prospect of executives being enticed to work elsewhere, the Company believes that it is critical that the existing senior management be incentivised to remain in the employ of the Company in the medium term and therefore proposes a retention mechanism to be incorporated in the Rules of the Bonus Share Plan. The amended Rules would allow the Company to earmark certain unvested awards during a “stay period” during which a specific executive would agree to remain in the employ of the Company. Once the executive has met the requirements and served the term agreed, the earmarked awards will not lapse upon the exit of the executive but will vest in accordance with the normal vesting rules of the scheme, unless that executive is dismissed for cause. This provision would only apply to senior executives in respect of specific awards.

2.7 An amendment is proposed to ensure that senior executives approaching retirement continue to pursue the long term strategic goals of the company. This amendment allows the remuneration committee of the Company to approve qualified early retirement of members of the executive committee of the Company who are 55 years of age or older. In such instances, which are likely to be rare, the executive’s awards will vest in accordance with the normal vesting rules of the scheme and will not be impacted by the early retirement of the executive. This amendment will assist with succession-planning.

### **The Long Term Incentive Plan**

2.8 The Long Term Incentive Plan is a long term equity incentive scheme, catering for the delivery of shares to participants after a specified performance period, provided that specified performance conditions attaching to the awards are met.

2.9 It is proposed that the amendments to the Bonus Share Plan detailed in paragraphs 2.6 and 2.7 above also be introduced in the Long Term Incentive Plan, for the reasons stated in those paragraphs. No changes are proposed to individual limits or vesting proportions in the Long Term Incentive Plan.

### **Approval of the adoption of the new MOI**

3.1 The Companies Act came into effect on 1 May 2011 (“the general effective date”). From the general effective date, the Company’s Memorandum of Association and Articles of Association became known as its Memorandum of Incorporation (referred to in this circular as the Current MOI). In terms of item 4(2)(a) of Schedule 5 to the Companies Act, at any time within the two-year period immediately following the general effective date, a pre-existing company (such as AngloGold Ashanti) may file, without charge, an amendment to its MOI to harmonise it with the Companies Act.

3.2 In addition, Schedule 10 to the Listings Requirements requires a listed company to harmonise its MOI with the Listings Requirements within this same two-year period. The New MOI has been prepared in order to achieve the aforementioned harmonisation

3.3 The New MOI contains substantially similar principles as those which are contained in the Current MOI, other than as required as a result of harmonising the New MOI with the requirements of the Companies Act and Schedule 10 of the Listings Requirements.

3.4 The New MOI is attached to this circular as Annexure 1.

**ends**

#### AngloGold Ashanti Article Disclaimer

Certain statements may be included on this site including, without limitation, those concerning: (i) the economic outlook for the gold mining industry; (ii) expectations regarding gold prices, production, reserves and cash costs (iii) the completion and commencement of commercial operations of certain of AngloGold Ashanti's exploration and production projects, and (iv) AngloGold Ashanti's liquidity and capital resources and expenditure, contain certain forward-looking statements concerning the gold mining industry and AngloGold Ashanti's operations, economic performance and financial condition and its plans and expectations. Without limiting the foregoing, statements including the words "believes", "anticipates", "plans", "expects", and other similar expressions are also considered to be forward-looking statements. Forward-looking statements reflect, among other things, management's plans and objectives for future operations, current views with respect to future events and future economic performance and projections of various financial items. These forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those implied by such forward-looking statements. Factors that may cause actual results to differ materially include, among other factors, (i) changes in economic and market conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in gold prices and exchange rates, (v) business and operational risk management, and (vi) the factors identified in the "Risk Factors" section and elsewhere in our Form 20-F filed annually with the United States Securities and Exchange Commission ("SEC"). AngloGold Ashanti does not intend to, and specifically disclaims any duty to, update or correct such information. Accordingly, any use you make of the information provided on this site, and specifically any use you make of the statements described above or of any forward-looking statements, or on any reliance that you place on such information, is at your own risk.

Certain statements contained in the document(s), other than statements of historical fact, including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs, all-in sustaining costs, all-in costs, cost savings and other operating results, return on equity, productivity improvements, growth prospects and outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the achievement of project milestones, commencement and completion of commercial operations of certain of AngloGold Ashanti's exploration and production projects and the completion of acquisitions, dispositions or joint venture transactions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental health and safety issues, are forward-looking statements regarding AngloGold Ashanti's operations, economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other

factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government actions, including environmental approvals, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk management. For a discussion of such risk factors, refer to AngloGold Ashanti's annual report on Form 20-F for the year ended 31 December 2013, which was filed with the United States Securities and Exchange Commission ("SEC") on 14 April 2014. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein.

Communication(s) may contain certain "Non-GAAP" financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com) and under the "Investors" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.

**AngloGold Ashanti Limited**

Incorporated in the Republic of South Africa Reg No: 1944/017354/06

ISIN. ZAE000043485 – JSE share code: ANG CUSIP: 035128206 – NYSE share code: AU