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Conference Call Transcript

BXB.AX - Brambles Limited Annual General Meeting and Webcast

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CORPORATE PARTICIPANTS

Graham Kraehe

Brambles Limited - Chairman

Tom Gorman

Brambles Limited - Chief Executive Officer

Luke Mayhew

Brambles Limited - Non-Executive Director

Patrick Gibson

Brambles Limited - Group Financial Controller

John Mullen

Brambles Limited - Non-Executive Director

Brian Schwartz

Brambles Limited - Non-Executive Director

Stephen Johns

Brambles Limited - Non-Executive Director

Carolyn Kay

Brambles Limited - Non-Executive Director

CONFERENCE CALL PARTICIPANTS

Ian Curry

Australian Shareholders Association - Chairman

Robert Carey

Shareholder

Brian Wiltshire

Shareholder

Harry Felton

Shareholder

PRESENTATION

Graham Kraehe - Brambles Limited - Chairman

Good afternoon ladies and gentleman. My name's Graham Kraehe and as your Chairman it's my pleasure to welcome you to the 2009 Annual General Meeting of Brambles and to declare the meeting open. There are copies of the notices of meeting of our last minutes of the last meeting outside in the registration area, and with your agreement I propose to take the notice of today's meeting as read. Happy to do that, thank you.

I'd now like to introduce your directors. From my far left, Brian Schwartz and John Mullen, our two new non-executive directors, then Chief Financial Officer Greg Hayes, Chief Executive Officer Tom Gorman. And from my far right we have Tony Froggatt; Stephen Johns, the Chairman of the Audit Committee; Carolyn Kay; Luke Mayhew, Chairman of the Remuneration Committee; and also, on my immediate right, Robert Gerrard, the Company Secretary. David Gosnell sends his apologies for this meeting. He's one of our UK based directors and is unable to attend today. That's the first meeting that David has missed in this last year, and the only meeting he's missed, so he does send his apologies.

We also have with us Mark Johnson, Matt Graham and Mark Dow from our external auditors PwC. They're in the front row over here, and they'll be available if any shareholder wishes to ask them a question. I'm holding a poll on all the resolutions before this meeting, and I'll now open the poll.

Any shareholder who wishes to leave the meeting early may place their completed voting cards in one of the ballot boxes and they're located near the exit doors up at the back. I'll explain the voting procedure when we reach the formal part of the meeting.



But before we get to that, I'll give you a brief overview of Brambles' performance in the 2009 financial year, and some commentary on current trading conditions. Tom Gorman will then speak to you, and then followed by Luke Mayhew. I'll then respond to other questions before we move onto the formal items of business. I'll take this opportunity just to remind you that all references to financial figures are in US dollars as that's the currency in which we report our results, and growth comparisons are on a constant currency basis.

Brambles achieved a revenue growth and a strong cashflow performance in the 2009 financial year despite it being the weakest economic conditions in decades. This performance I think really illustrates the resilience of the business. And just to highlight a few of the key aspects of the result, we had CHEP's automotive business particularly affected by the sharp contraction in economic conditions, and Recall's secure destruction services business was impacted by falling paper prices and by volumes.

These two businesses are relatively small parts of the Brambles' portfolio, and the other parts of the business increased sales by 3% as net new business wins and gains in price or sales mix offset a decline in organic volumes. So group sales revenue - that's including automotive and STS businesses - increased by 1% to be more than \$4 billion.

The reduction in Brambles' underlying profit of 8% to just over \$900 million was largely due to the economic slowdown and continued investment in growth initiatives. We delivered a strong improvement in free cashflow after dividends as lower capital expenditure more than offset reduced underlying profit. Total dividends for the year were AUD0.30, and that was AUD0.175 at the interim and AUD0.125 at the final, paid just in last October. That dividend reduction and our use of the reinvestment plan reflect the Board's focus on ensuring an appropriate balance between rewarding shareholders and cash conservation.

Brambles' strong capital controls and financial position meant we did not need to raise capital during the year and we retained significant capital flexibility with a robust blood sugar including substantial un-utilised borrowing capacity. We have plenty of liquidity with no refinancing requirements until the 2011 financial year. Meanwhile, the cash generating performance of our business has allowed us to continue to invest in quality, in growth initiatives and in systems despite the downturn and to end the year very well placed to benefit from a broader economic recovery when it occurs.

Let me now talk to you about the CEO's succession we announced just last month. Mike Ihlein contributed to Brambles over six years, four as chief financial officer and two as CEO. He played a key role in restructuring Brambles to focus on CHEP and Recall through the sale of Cleanaway and Brambles industrial services and other businesses back in 2006. So this process and the unification of the dual listed structure, which Mike also led as CFO, allowed Brambles to return more than \$3.5 billion of excess cash to shareholders either through buy-backs or other capital management initiatives. He also laid the foundations for the next stage of business improvement through his leadership of the CHEP USA review and introduction of the Better Everyday program.

The completion of that review and the beginning of a new period of operational focus throughout Brambles was the logical time for succession. After an international search Tom was the Board's unanimous choice as CEO. Tom's got extensive international operational experience through a long career with Ford including as president of Ford Australia for four years up till 2008. He has shown strong leadership of CHEP EMEA - that's Europe and Middle-East and Africa over the past two years and he's successfully taken that business into new markets, generating strong returns for shareholders and getting closer to customers in what have been pretty challenging economic conditions. Given the Board's commitment to people development we were delighted to appoint such a strong internal successor.

We also express our thanks to Liz Doherty, who is returning to the UK after two years as CFO. She leaves Brambles in strong financial shape despite the extreme economic conditions that occurred during her tenure. We welcome Greg Hayes and are confident he will prove to be an outstanding CFO for Brambles.

Two recently appointed directors stand for election today. They are John Mullen and Brian Schwartz. And I must say that I'm absolutely delighted at the calibre of both John and Brian, both of whom have got very extensive international experience, one in financial services and the other in logistics and they bring a lot of strength to the Brambles Board. Carolyn Kay, Stephen Johns and I are standing for re-election by rotation and each of us will speak to you a little later in the meeting.

During the 2009 financial year the number of Board meetings increased quite significantly, reflecting the amount of time board and management devoted to managing the impacts of the global financial crisis and also of the CHEP USA review. We held meetings in Australia, in the US and in Europe and directors at those meetings visited major CHEP and Recall sites and met with key customers and with staff.



We are conscious of the importance of aligning outcomes and remuneration between executives and shareholders, especially in times of uncertainty so executive bonuses were lower for the 2009 financial year, short term bonuses were zero for the CEO and CFO and board fees were frozen. Luke Mayhew will talk a little in more detail about remuneration a little later.

Another increasingly important area of our business is sustainability, and many of you will have had the opportunity to read our sustainability report, which was published on the Brambles website last week. I'd now like to talk briefly about safety and as many of you will recall, we reported last year at the AGM two fatalities in the 2009 financial year and did discuss them at last year's AGM. I just want to reassure you that the Board continues to work with the Brambles' management team to achieve what is the only acceptable goal, and that's zero harm.

Earlier today we announced that we will cancel our secondary listing on the London Stock Exchange. Since December 2006 the number of CDI's - that's the word for shares really that are traded on the London Exchange - the CDI's has fallen substantially. They now represent less than 2% of Brambles' issued share capital, and there has been very limited trading over the last two years. So given the costs associated with administration and maintenance, the Board decided to cancel the secondary listing because it believes it no longer is in the interests of Brambles shareholders as a whole.

I want to now give a brief trading update, and today we released commentary on our performance for the first four months of the 2010 financial year - that's up to the end of October - with trading conditions similar to those during the second half of the 2009 financial year. Making comparisons with the prior corresponding period was always going to be challenging as most of that prior period occurred before the escalation of the financial crisis and its severe impact on consumer activity and trade volumes.

As with the 2009 full year result, CHEP's operations in the automotive sector and Recall secured construction services businesses have been particularly effective. The de-stocking process has now ended. We've got considerable leverage to a broad base return to economic growth when it occurs. However, we are yet to witness a widespread pickup in activity or restocking in our major markets.

Both CHEP and Recall are performing solidly and continue to generate net new business wins in all regions with the exception of CHEP USA which has experienced sales revenue below expectations during the four months to October. Brambles' Group sales revenue was down 3% to \$1.4 billion in the first four months of the financial year 2010 compared with the prior year. So in summary, conditions have stabilised but they are yet to begin improving.

As announced in our trading update today, CHEP USA has experienced lower organic volumes and has been unable to generate sufficient new business to offset fully the impact of some customer losses. CHEP USA now anticipates the total pallet issues for the 2010 financial year will be approximately 3% lower than for the 2009 financial year.

The slowdown in CHEP USA has resulted in short term accumulation of approximately four million additional idle pallets during the calendar year 2009. That will result in associated short term storage and handling costs. However we believe that these pallets will be required to meet future customer growth requirements, so we don't plan to alter the previously announced program which was to scrap seven million excess pallets.

As we announced last month, the Better Everyday program will require an ongoing investment in CHEP USA, and this Better Everyday is a new service and quality offer that will deliver immediate benefits to customers and address next generation supply chain needs. The rollout of Better Everyday follows the CHEP USA review which was rigorous and the review had the full involvement and support of the Board and Better Everyday is now progressing as planned.

Both CHEP and Recall are strong businesses with outstanding market positions operating models and people. We retain a strong balance sheet, a high degree of financial flexibility and high rates of cash generation to fund investments in quality and growth. In addition, we've got other long term growth opportunities such as our entry into new regions and new market segments. The Brambles Board and management are focused on positioning your company to benefit from these opportunities and use our unique position in the supply chain to generate sustainable long term growth.

Before I finish, I would like to take the opportunity to thank the more than 12,000 Brambles employees around the world for their hard work and dedication during what's been a challenging year. I also thank my fellow Directors for their input, customers and shareholders for their continued support.

I would now ask Tom Gorman to address you. Thank you.



Tom Gorman - Brambles Limited - Chief Executive Officer

Well thank you very much Graham, I appreciate the opportunity.

Let me begin by saying how honoured I am to have the opportunity to lead Brambles at this important stage in our Company's development. Of course I'd like to thank the Board for selecting me and also I'd like to thank Mike Ihlein, my predecessor, for convincing me to join the Brambles team about two years ago. Mike set Brambles on a course for improved customer satisfaction, he pushed us to get closer to the customer and I think he demonstrated a very high level of integrity. I plan on continuing many of Mike's initiatives while of course bringing my own style and sense of urgency to the opportunities and challenges ahead.

Today I hope to give you some insight into the five priorities that will underpin my approach to building a prosperous future for our shareholders. My priorities are improving quality and customer satisfaction, delivering profitable growth, driving cost competitiveness, focusing on our people and being a responsible corporate citizen.

Now, before explaining these priorities in more detail, I'd like to give you my personal view on why I came to Brambles and why I continue to be so confident about our future. Over the course of my 25 year business career spanning four different continents, I've dealt with many different businesses. There are few businesses, if any, that can match the Brambles strengths. These strengths include strong operating models and market positions, superb list of customers, financial strength and flexibility and substantial growth opportunities.

Now, even against the backdrop of one of the most difficult economic times we have ever experienced, our businesses have demonstrated their underlying strength, we've been able to add new customers and we've generated significant operating cash flow. Our business is able to add scale by expanding in highly penetrated, mature markets, by delivering growth in markets where our operating models are still developing or our market share is relatively small and also by growing strongly in new emerging markets.

Of course even with the growth that comes from adding new customers, severe economic conditions will have a negative impact on our overall growth rate. But again, our business model is strong and we expect upside in both established and developing markets as economic growth returns around the world. In simple terms, this is a great business with great prospects and for me personally, it's a great time to be taking the reins.

Now, in the near term, my focus will be on getting to know our customers, our shareholders and employees as well as possible. I am committed to clear, direct and frequent communication with all three of these groups. I'm also pleased to have been able to announce the appointment of Greg Hayes as Chief Financial Officer. Greg will be a valuable partner to me as we, together, look to drive Brambles' growth and performance into the future.

Greg has exceptional financial and commercial experience, in particular from being CFO of AGL and CEO of Tenix. Since the announcement of my appointment as CEO, I have been on the road a fair bit. I've met with scores of investors and analysts and today I hope to get feedback from our shareholders that have made the effort to join us at this year's AGM. I have also been spending time in CHEP's operations in the US and Europe. I've been with the Lean Logistics team in Michigan in the USA and I will shortly be holding meetings with the Recall business in Atlanta, again in the US. By mid-December we will have completed a leadership summit with the top 60 executives in the Brambles team and I'll be heading to China in January to get a closer look at one of our most promising, long term growth markets. It has been a very exciting start.

Now, as I'm sure you would expect, I plan on dedicating a considerable amount of my time and energy to the successful implementation of the Better Everyday program. This program is aimed at improving the customer experience in CHEP in the US. We announced this program in October and it really has basically three main planks -- improvement in pallet quality through a step change in repair standards, we want to make it easier for our customers to do business with us, and we are going to increase and reorganise our sales force.

The program was the result of seven months of market analysis, customer research and comprehensive trialling of our products. As I've mentioned, I have already visited the team in the US and I'm encouraged by what I've seen of the early implementation phase. Customer feedback so far has been excellent, the team is energised and I believe our people are motivated by the support they have received to address customers' concerns with our products and services in the US.

While we work to implement the Better Everyday program and over time we'll put in place offsetting pricing and volume strategy and new businesses, margins in CHEP USA will be affected. The increase in net operating costs for CHEP USA will be \$50 million a year and there will be \$110 million of fast track expenditure over the 2010/11 and '12 financial years. In addition to customer and employee feedback on the Better Everyday program, I have also received constructive feedback from the many institutional shareholders I've seen over the past month. Now these



shareholders, they understand and accept the short term financial impact on margins in the CHEP USA business in order to ensure a stronger, competitive position and of course to support long term growth.

Now we cannot assume that any of our competitors will go away. Remaining focused and delivering unparalleled levels of quality and service and offering our customers innovative solutions to their problems while avoiding complacency is what is needed to grow the business in the future. Now it's for this very reason that we launched the Better Everyday program in the US. The CHEP USA review included analysis of numerous alternate pallet materials and designs and a reassertion of our commitment to wood as the most economically and environmentally sustainable material for pallet pooling.

Let me now return to share with you more detail on the five priorities I identified at the beginning of my comments. I'll start with quality and customer satisfaction. If we truly believe that everything starts with the customer, then we must focus on delivering ever-improving levels of customer satisfaction. That means making sure that the quality of our products, services and relationships are sources of competitive advantage. It's not enough to rely solely on our scale and technical expertise. We must deliver an excellent experience. Now the Better Everyday program truly reflects this ethos. It includes making it easier for our customers to do business with us and ultimately it's focused on giving our customers as few reasons as possible to engage with our competitors.

The second of my priorities is profitable growth. I believe that there is enormous growth potential within both CHEP and Recall. We have opportunities to expand geographically, to enter new market segments, to provide new products and services and of course to win market share from our competitors.

For example, in addition to the expansion opportunities that exist for CHEP's operations in the United States and Continental Europe, we also have opportunities in highly established markets such as Australia and the United Kingdom. The new platform initiative around providing fresh food crates to Australian supermarkets is really a great example. These plastic crates offer a real efficiency to the fruit and vegetable supply chain as they eliminate the need to repack products between the producer and the retailer. Newer regions such as Central & Eastern Europe, the Middle East, China, India and Latin America will also have their part to play in delivering profitable growth.

Now, we also have significant opportunity to expand our asset management service offering by leveraging our information and data-base management capability and will do this to help our customers increase the efficiency of their supply chain operations. Now this desire to expand our service offerings is the primary driver behind our transport management solutions provider Lean Logistics. We are only now scratching the surface of the potential in this area.

Cost competitiveness is also a priority as we will continue to drive efficiencies in our operations and our overheads. These efficiency improvements are critical as we continue to invest in quality, innovation and growth around the world. The fourth of my priorities reflects our commitment to improve our focus on our people, ensuring that they're safe, engaged, motivated and, of course, are performing to the best of their ability. Now, it's very easy to say these things. Delivering on this priority will require commitment and leadership. I'm excited by this challenge, because I know our 12,000 people represent an immensely deep pool of talent, experience and creativity.

I believe it is appropriate that I reiterate what Graham said earlier, regarding the tragic fatalities that our business experienced in the 2009 financial year. I too find these fatalities to be unacceptable and I remain committed to Zero Harm and continuous safety improvement. We are seeing a reduction in the severity of injuries occurring throughout our business and we continue to educate our people and audit our operations. The recent roll-out of new safety management information systems will help us monitor benchmark and ultimately improve our safety performance.

The final priority for our business is corporate social responsibility. In addition to being a good corporate citizen and taking responsibility for the impact of our actions on the communities in which we operate, we also have a compelling opportunity to build upon the inherent environmental benefits of CHEP and Recall businesses in a world, where, quite frankly, sustainability is becoming standard business practice. Our customers are looking to do business with responsible partners with sustainable business models and we know we can deliver against this objective.

By focusing on these five areas, I believe we can deliver superior shareholder returns for many years to come. I'm committed to ensuring we pursue every avenue to achieve that goal. In summary, I believe very strongly in our businesses. We have outstanding market positions, financial strength and growth potential. Although short-term trading conditions remain somewhat subdued in our largest markets, we are very well-placed to benefit from global economic recovery when it comes.



Ladies and gentlemen, I look forward to updating you on our progress at the half-year result, which we will present in February 2010 and to speaking with you in more detail about our strategies and our performance in the months to come. Thank you very much for your time, and for giving me the opportunity to lead this company. I now hand back to your Chairman, Graham Kraehe.

Graham Kraehe - Brambles Limited - Chairman

Thanks, Tom. As I indicated, the Chair of the Remuneration Committee is going to talk to you about some of the issues that formed our remuneration policy, and I invite Luke Mayhew to take the podium. Thanks, Luke.

Luke Mayhew - Brambles Limited - Non-Executive Director

Thank you very much, Graham. Good afternoon, ladies and gentlemen. I want to do three things this afternoon. I want to set out the principles of the remuneration policy here at Brambles, review the key decisions and outcomes over the last 12 months and update you on our employee share scheme.

But first, the four key drivers, priorities of the executive remuneration policy. The policy we have now was introduced last year at the AGM. It was approved by shareholders with a 95% majority and we don't propose to make any changes. Although there's been a fundamentally strong financial crisis we see no reason to make the changes, the policy is fit for purpose and now the four key objectives, which I put in the wrong order. What we do in defining and designing a remuneration policy is to ensure that it drives and is driven by business strategy.

What it aims to do is to reinforce the behaviors and actions that lead to business success. It also seeks to attract and retain high calibre executives and then motivate those executives to achieve challenging performatory levels, not just business as usual. Most critically, we try to align executive rewards with the creation of shareholder value.

When things go well executives should be rewarded, when they don't they should not. We do that by designing the policy with two specific components, a fixed element and an at-risk element. The next slide illustrates the balance between the fixed and at-risk for the executive directors.

So, very broadly, the third of the maximum remuneration that an executive director can earn is fixed. That's salary, superannuation, car et cetera. The other two-thirds is at-risk. A small part of that is cash that comes from the annual bonus for meeting financial targets or personal strategic objectives and the rest is in forms of share awards, which vest after three years. The long term incentives, those shares only award if performance hurdles are met and currently those performance hurdles relate to total shareholder return, but also to the growth in sales revenue and Brambles' value added, economic value added.

So given the tough year last year what happened to remuneration for the executive leadership, what we call the ELT? Here are the headlines. The CEO and executive leadership team salaries have been frozen for this current year. The executive directors did not receive any bonus payments for 2009. Short term bonuses have been significantly lower for people below executive director level than they have been in previous years.

There's been no increase in chairman and directors' fees. Indeed, there's been no increase since the beginning of 2006. The executive appointments and departures, which Graham referred to where we have dealt with the remuneration issues there we have followed the approved plan rules, existing contracts and accepted market practice. I can also reassure you that the Brambles approach to executive contracts and the remuneration plan sit very comfortably with recent legislation here.

Finally, a few words on the employee share scheme. We launched My Share last year offering it to 11,000 employees in 24 countries. We continue to seek to extend it. The latest country to have the opportunity to be involved being Taiwan. Approximately 20% of those employees have elected to participate, which is a good start. Our ambitions are greater than that. I think it is very good for the business and very good for shareholders, that as many employees as possible are shareholders in the business so My Share will be offered again in 2010.

So briefly, in summary on remuneration issues, the Board and the Remuneration Committee recognise that 2009 has been a tough year for Brambles and for shareholders. I hope you agree that the remuneration decisions and outcomes have reflected this. We have followed the remuneration plan and the plan rules in our decisions and made progress further on wider employee shareholding. We do remain committed to rewarding excellent performance and aligning reward with the creation of shareholder value. I hope very much that I'll be able to report better awards and bonuses for executives next year, as it will mean it will have been a positive year for shareholders. Thank you.



Graham Kraehe - Brambles Limited - Chairman

Thank you, Luke. And ladies and gentleman, before moving to the formal part of the meeting, I now want to answer some questions from shareholders. You will know that we sent out to all shareholders with the notice of meeting an invitation to put questions ahead of this meeting.

Our auditors have advised us that they've not received any questions they consider relevant, but a number of shareholders did - that's relevant to the auditors themselves that is - but they did take advantage of - a number of shareholders took advantage to ask more general questions.

The four most common topics were remuneration, sustainability, management succession and the Company's financial performance. Remuneration questions fell into three broad categories. They were executive remuneration, non-executive directors' fees and why the vote on the remuneration report is non-binding. I think Luke has just covered the first of those two issues and the last issue, the reason why the resolution on remuneration report is non-binding is because that's the Australian law. Remuneration votes are advisory but not binding.

On sustainability, many of our shareholders have asked about our exposure to future carbon pollution reduction schemes and here our sustainability report provides details of our greenhouse gas emissions footprint. I encourage you to go on the web and have a look at that report. But as an overview our operations are generally not large energy users. We don't consider therefore it likely that they'll be included in any current or proposed emissions trading schemes.

CHEP's use of wooden pallets is also inherently sustainable, which is not the case with many alternative materials. The wood we use comes from sustainable managed plantation forests. Pallets are repaired and recycled many times over their useful lives, and scrap pallets are recycled into materials such as garden mulch.

We're working constantly with our clients and partners - including the use of our Lean Logistics business - to find smarter and more sustainable ways of transporting pallets and the documents in the Recall business so we can reduce the overall emissions impact. But our footprint is generally pretty light.

On the subject of management succession and our broader financial performance, I think I dealt with most of those issues earlier in my address. So I now take the opportunity to throw the matter of questions open to the floor. I remind you that only shareholders or their proxies or company representatives are entitled to speak at the meeting.

But if you'd like to ask a question, please approach the microphone, show your blue voting card or your pink non-voting card, and give the attendant your name. If for some reason you are unable to get to a microphone - and here's our two microphones here - if you'd stand up. Thank you. If you can't get to a microphone, then raise your hand and an attendant will bring a microphone to you.

To maximise the opportunity for all shareholders, I request that you ask only one question at a time, and be succinct. The floor is now open for shareholders. Thank you.

QUESTION AND ANSWER

Operator

Mr Chairman, I would like to introduce Ian Curry from the Australian Shareholders' Association.

Graham Kraehe - Brambles Limited - Chairman

Thank you Mr Curry, welcome.

Ian Curry - Australian Shareholders Association - Chairman

Thank you very much, Chairman. Chairman, some comment has been quite properly made about the CHEP USA business. Over 80% of Brambles business is in the CHEP worldwide, and quite a lot of money is being spent on trying to put that business back on track.



I'd like some comment, if I could, on the impact of iGPS, your emerging or emerged rival, particularly one which deals with plastic pallets. I know there is an argument that they are more expensive, but they have made inroads. I'd like your comment on them and also the impact they have made on your Walmart business.

Graham Kraehe - Brambles Limited - Chairman

Okay, thank you. In terms of the - I'd just correct one thing. The real objective of the US program is to get out ahead of the curve, not to be catching up but to be out ahead of the curve. So we've consulted very widely with our shareholders over a six-month period; we've run extensive trials; we've involved our customers in those trials. We've tested a range of different alternatives.

And the question to our customers has really been where do you want your business to be, and what do you need from us, not today but in three years' and five years' time?

The result, in terms of both our quality program and the acceleration of that, but also in terms of the easier to do business, simplified invoicing system which has come out of CHEP Europe predominantly - those two things are aimed to take us out ahead of where our shareholders' current expectations are, and get us out ahead of the field.

We do that because probably in the US it's fair to say that we haven't had the level of competition, until recently, that we have had and we do have in Australia and we do have in Europe. While I wouldn't want to talk about any one particular competitor, we have an unparalleled position in the US, with some 80 million pallets in the field in the US. The next biggest player would have 3 or 4 million pallets.

So our position is a very strong one but, as Tom said, not one that we want to be complacent about. Our objective is to be so good at satisfying our customers' quality and delivery performance that our competitors are able to compete with us, and good luck to them.

The comment I will make though - and we've been very clear. One of the outcomes of the CHEP Everyday program was that we looked at all sorts of materials. We had a very hard look at should we be contemplating plastic, aluminium, steel alternatives for pallets. The very clear conclusion we reached was that wood was by far the most sustainable, most economic platform for use for pallets. And that remains our view.

We actually have more plastic pallets in the world - or as many plastic pallets in the world as any other player, so we're very familiar with plastic pallets. But we're very confident - and our major customer feedback is that plastic pallets are not superior to wood in most of the applications.

Having said that, if somebody is prepared to take a \$70 plastic pallet and offer it to people at the same price as a \$20 wooden pallet, good luck to them. There will be some customers who will want to try that for a period of time. But it's not a model on which we believe you're able to make long term returns that would satisfy shareholders.

That, I think, is the broad answer to your question. Is there another question please?

Operator

Mr Chairman, may I introduce Robert Carey, a shareholder.

Graham Kraehe - Brambles Limited - Chairman

Robert Carey, was it? Mr Carey, welcome.

Robert Carey - Shareholder

Thank you. My question is - there's been a significant deterioration in the current assets position of the Company in the last year. Also, the net debt position is getting close to about 3 times your EBITDA, which is - the covenant is about 3.5. I'm just wondering what would happen if you were to breach that covenant in terms of your financial position?



Graham Kraehe - Brambles Limited - Chairman

In the broad - and I will ask perhaps Patrick Sawyer to perhaps elaborate here - but in the broad we are well within any of our covenants with any of our banks. We have no refinancing due until 2011 financial year. We've got significant liquidity headroom with all of our bank coverage. So I'm not sure where you get the asset number from, but can you comment on that, Patrick?

Patrick Gibson - Brambles Limited - Group Financial Controller

Chairman I will just comment that --

Graham Kraehe - Brambles Limited - Chairman

Patrick Gibson, sorry, not Patrick Sawyer. That's your next-door neighbour, isn't it?

Patrick Gibson - Brambles Limited - Group Financial Controller

I would just comment that the main reduction in current assets is due to trade in other receivables and there's two main factors there, one is clearly the trading performance and lower debtors and the other one of course is significant efforts to ensure strong control of debtors. On the net debt EBITDA question, the ratio is 1.8 for 2009. So I don't think it's close to the covenant that was mentioned.

Graham Kraehe - Brambles Limited - Chairman

Okay, thank you. But the asset is related to trading volumes essentially, asset reduction. Another question?

Operator

Mr Chairman, I would like to introduce Mr Brian [Wiltshire].

Graham Kraehe - Brambles Limited - Chairman

Mr Wiltshire, welcome.

Brian Wiltshire - Shareholder

Good afternoon Chairman and Board and shareholders. I've got a general question for you Chairman, is the matter of Brambles being a service company; its major revenue source is pallets. And obviously it gets down to the efficiency of operations of those pallets and the efficiency of managing that capital that is tied up in them, and the majority of capital is tied up in pallets and nothing else, very little property.

And my question is, is really the efficiency of those management is uppermost in making profits. My question is, several years ago in Europe where they lost a lot of pallets and they just disappeared, where they came to be I don't know, but it's so important that pallets are managed most effectively in every way.

Graham Kraehe - Brambles Limited - Chairman

You're absolutely right, and let me - I think I got the gist of that. Let me respond if I can. The first thing is just quickly to refer to those European pallets you mentioned, many of those have been recovered through accelerated asset recovery programs over the last few years. In fact Tom heading up the European operation of CHEP had a team who have done a really super job in recovering many of the pallets which were previously, not lost, but not under our control.



Nov. 19. 2009 / 2:00PM AEDT, BXB.AX - Brambles Limited Annual General Meeting and Webcast

More generally, as I said, when we looked at a change in management, one of the key things we had in mind, was as we go forward, particularly in the US where we've got the US review quality driven customer focus, we needed right across the organisation, but starting with the CEO, to appoint somebody who had a very strong operational focus and that's exactly the reason we appointed Tom because of his strong operational experience.

You're absolutely right, the management of the pool of pallets, 280 million pallets in 45 countries is a key asset management task for us and we have a whole raft of metrics that the Board reviews and management report on regularly on each of our key markets - key to the business. Recall got a similar set of metrics, obviously designed for the Recall business, but focused on what are the key issues that are required to control that business. Thanks for the question.

Brian Wiltshire - Shareholder

Chairman, therefore can you assure the Board today that this capital is working effectively according to the systems operating?

Graham Kraehe - Brambles Limited - Chairman

Well if you look at the return on capital you get a pretty good sense - at a return on equity, you get a good sense of the very strong returns that the CHEP business generates. But the way we actually looking at controlling those, we've got a control ratio and if you had a look in the annual report you will some explanation and on our website of the metrics we use to control the businesses.

In the case of CHEP businesses, one of the key things which is relevant to your question is asset control, pallet control and now we look at the control ratios. Just as a broad illustration, across the Board, all of our regions have currently got control ratios of north of 95%; 95% is our target, our minimum level, and they range from 95% through to 98% to 99%. As an illustration of the improvement in asset control, the European number going back five or six years, the period you referred to was in the mid '80s, so it's well north of 95% today. So absolutely on our radar and thank you for the question.

Another question please.

Graham Kraehe - Brambles Limited - Chairman

Microphone two.

Operator

Mr Chairman, may I introduce Mr Leavy.

Unidentified Audience Member

One question relating to what you just said about these plastic pallets. You do have those available for customers I believe from what you've said. The main reason why you're not getting the business is your plastic pallets are obviously as you suggested a lot more expensive than this company.

Graham Kraehe - Brambles Limited - Chairman

No, no, let me correct that. A plastic pallet and I used to actually make plastic pallets. I know a bit about plastic pallets. The cost of a plastic pallet is about 80% the cost of the resin, which is oil derived resin that comes in the plastic that makes it. No matter who has the plastic pallet, whether it's a Brambles plastic pallet or our US competitor or other players in the world, they're using plastic in the form of resin, oil derived to produce the pallet.

All plastic pallets have a cost of between \$60 and \$80 depending on their design. They're \$60 or \$80 per pallet. A wooden pallet is about \$20. So it's not a question of our pallet, plastic pallet being dearer than anyone's else's. It's in the same reason as the competitors. The issue is that



customers want a reliable effective service and a \$20 pallet well managed and well administered is vastly superior in terms of being able to give customers what they want, than a pallet that cost three times as much. Unless you want to charge three times as much for the plastic pallet and customers won't pay that so that's really the point.

Unidentified Audience Member

Well obviously the media are leading me astray, because I don't get that impression from what I read. From what I read it appears this company that has these plastic are taking quite a bit of business from you. In the report you mentioned that new businesses the revenue is \$75 million. You give an actual figure. What's the figure for lost businesses? How much revenue have you lost last financially?

Graham Kraehe - Brambles Limited - Chairman

Do you want to pick that up Tom?

Tom Gorman - Brambles Limited - Chief Executive Officer

I'd be happy to respond Mr Leavy on behalf of the Chairman. Just to go back and just to reiterate what the Chairman said relative to the cost of the pallet. It's been documented from our competitors that are in the plastic pallet business that they are in fact acquiring those pallets for three to three and a half times the cost of a wooden pallet. So when we go to market we price at a certain price and the competitor in the US that are choosing plastic, prices at the same level.

Our view is that we have a responsibility to our customers and to our shareholders and for us to bring an asset in that costs three or three and a half times as much as wood and to price it at the same level, would not be doing the right thing for you our shareholders. So the decision that we've taken is the right decision for our customers we believe. After extensive research over the last seven months our customers were not asking for plastic pallets.

They were asking for us to deliver to their needs, which we're now doing and that's the purpose of the investment in the Better Everyday program in the US. So it's not an issue of wood versus plastic. It really is an issue of meeting and exceeding customer expectations. The net wins number that's quoted in our documentation, that is a net number so that's wins net of losses. So we continue to win more business than we lose around the world, and that's the key to our growth aspirations.

Unidentified Audience Member

Well in the document it said here revenue gains from new businesses. That's different than net revenue...

Tom Gorman - Brambles Limited - Chief Executive Officer

It's net gain. I apologise, that's misleading, but when we talk about wins we talk about net new wins.

Unidentified Audience Member

Right, thank you Mr Chairman.

Graham Kraehe - Brambles Limited - Chairman

But I guess the broader answer - it's obviously on a few shareholders' minds. I know Mr Curry asked a related question. If you're a customer and somebody offers you a \$70 plastic pallet for the same price as a wooden pallet, you'd say well that's attractive, that's interesting. We've talked to many of our customers and say that is not a sustainable model. That business will probably not stay in business. Their answer to that is well, we don't actually care if they don't stay in business. If they go out of business we'll come back to CHEP. So you'll always get people who are willing to try a shiny new plastic pallet and the fact that it's not economic doesn't worry them too much, but we do understand the economics of pallets very well so thanks for your question.

Unidentified Audience Member

At the next meeting next year I'll expect that company to be no longer a big competitor to you based on your assumptions.

Graham Kraehe - Brambles Limited - Chairman

They're your words but we don't think their model is sustainable. Is there another question? Microphone two again.

Operator

Mr Chairman, I would like to introduce Mr Harry Felton.

Graham Kraehe - Brambles Limited - Chairman

Mr Felton, welcome.

Harry Felton - Shareholder

Good afternoon. My question is a general question, and it's about Luke Mayhew talking earlier on. I've had not just Brambles, I've had the share -

Graham Kraehe - Brambles Limited - Chairman

Could I just say if it's about remuneration we'll be talking about the remuneration report later and --

Harry Felton - Shareholder

If I could just ask you to reply to my question during your statement then?

Graham Kraehe - Brambles Limited - Chairman

We'll give you the opportunity to ask a question about remuneration when we consider the Remuneration Report. But is it remuneration that you want to talk about?

Harry Felton - Shareholder

It is remuneration.

Graham Kraehe - Brambles Limited - Chairman

Okay.

Harry Felton - Shareholder

No, not exactly.

Graham Kraehe - Brambles Limited - Chairman

Nov. 19. 2009 / 2:00PM AEDT, BXB.AX - Brambles Limited Annual General Meeting and Webcast

Okay, fire away.

Harry Felton - Shareholder

CEOs get remuneration which is about 10 times what the President of America gets?

Graham Kraehe - Brambles Limited - Chairman

Yes.

Harry Felton - Shareholder

That's okay, but when they fail, like our last CEO has failed, I don't think that they should be rewarded with millions of dollars again when they go out the door. And I would like to ask, if Mr Thomas Gorman's contract now, would he get, I think you call it --

Graham Kraehe - Brambles Limited - Chairman

Okay, so it's a remuneration question, when we get to remuneration, we'll answer that to its point.

Harry Felton - Shareholder

Yes, it's about when a CEO fails --

Graham Kraehe - Brambles Limited - Chairman

No, please --

Harry Felton - Shareholder

Goes out the door does he get money to go out the door, after he's had ten times the salary of the President of the United States?

Graham Kraehe - Brambles Limited - Chairman

I'll answer it as the first item under the Remuneration Report and we'll deal with it at that time. Thank you.

Harry Felton - Shareholder

Okay.

Graham Kraehe - Brambles Limited - Chairman

Is there any other item of general business. If there are no other items we will now turn to other items on the agenda and they will all be dealt with as ordinary resolutions except for item 8, which is an amendment to the constitution that requires a special resolution.

I will now explain the voting procedure. If you are entitled to vote you will have been given a blue card, if you have already submitted your vote by proxy or direct vote, you don't need to complete a voting card today, unless, of course, you wish to change your vote.



I will be casting any discretionary proxy votes that have been given to me in favour of each of the items of business, and I will show the voting position for each resolution on the screen. At the conclusion of the meeting, please place your completed voting cards in one of the ballot boxes that are located near the exit doors.

We will announce the poll results to the Australian and London Stock Exchanges later today and also post them on the website.

Michelle Cross of Link Market Services has been appointed returning officer.

The first item of business is to consider and receive the Financial Report, Directors' Report, Auditor's Report for Brambles for the year ended 30 June 2009. Are there any questions to this item? We've had some questions that are related to it in the last five minutes or so. Are there any other questions?

If not, the next item of business asks shareholders to adopt the Remuneration Report for Brambles for the year ended 30 June 2009, that is contained in the Annual Report. You have heard from Luke Mayhew on the principal issues raised by shareholders in their written submissions. We have one other question on remuneration and, Luke, you might just quickly respond to that question about the contracts?

Luke Mayhew - Brambles Limited - Non-Executive Director

Yes, thank you very much, Mr Chairman. Tom Gorman's contract would be entirely in line with recent legislation in relation to termination payments. There is nothing particularly untoward in that. I think if you look at the remuneration plan, generally, the payments to executives leaving the organisation fall into two categories. Those for what would be called good leavers, which might be to retirement, primarily to retirement or unfortunately death, or some other activity which won't want to particularly refer to. In those circumstances their share awards are retained.

In the case of an executive who leaves what we'd call a bad leaver which is for all other reasons, it is primarily simply the contractual obligations in relation to notice period. Tom Gorman's arrangements are totally in line with, as I say, the legislative framework, which has just been introduced.

Graham Kraehe - Brambles Limited - Chairman

And I would just make one further comment and that is that at the time of announcing Tom's appointment, we put the full details of his contract out in the media release on that particular day.

Are there any other questions to the Remuneration Report? Microphone one?

Mr Curry, welcome back.

Ian Curry - Australian Shareholders Association - Chairman

Thank you, Chairman. Chairman, can I first say that the Australian Shareholders' Association believes remuneration is the responsibility of the Board, not of the government, not of a regulator and we wouldn't support any movement to take that away from the Board's accountability and responsibilities.

One minor point, which I believe has been discussed by my colleagues in Sydney and that is the change made last year from - on the LTI arrangements moving from measuring Brambles against the comparative ASX 100 group to a comparable ASX100 median company performance. I recognise that you can't keep changing remuneration arrangements year by year, but I would suggest that that be considered at the next review.

Graham Kraehe - Brambles Limited - Chairman

We take that on board. I would just make the general observation that when we made those changes, Luke, as the Chairman of the Remuneration Committee and I consulted very widely with shareholders. We got feedback from them and we had a 96% vote in support of those changes at our last Annual General Meeting. But in response to your question, we actually have, in February at the Remuneration Committee every year, we



Nov. 19. 2009 / 2:00PM AEDT, BXB.AX - Brambles Limited Annual General Meeting and Webcast

have a strategy review, what works well, what isn't working, what might we contemplate changing. So we will take on board your comment there and we will consider it in February.

Ian Curry - Australian Shareholders Association - Chairman

Thank you, Chairman.

Graham Kraehe - Brambles Limited - Chairman

Thank you. Any other questions on remuneration? If not - no, it looks like we do. Yes, Sir?

Operator

May I reintroduce Mr Harry Felton.

Graham Kraehe - Brambles Limited - Chairman

Mr Felton.

Harry Felton - Shareholder

I haven't had my question answered. What I would like to know is how much Tom Gorman gets if he fails the job of selling, renting out pallets, wooden pallets, comparing with the President of America, who gets about a tenth of what Mr Gorman's getting? Can you tell me in the contract how much does he get if he fails? Can you tell me how much the last CEO got when he failed?

Luke Mayhew - Brambles Limited - Non-Executive Director

Well let's talk about Tom Gorman's contract. I thought I made it clear. Tom Gorman's contract, as it was published at the ASX, is if he's terminated without any cause he has 12 months notice, 12 months notice.

Harry Felton - Shareholder

How much?

Luke Mayhew - Brambles Limited - Non-Executive Director

That would be his 12 months TFR...

Harry Felton - Shareholder

How much?

Luke Mayhew - Brambles Limited - Non-Executive Director

If you look at it, his TFR every year is \$1.8 million.

Harry Felton - Shareholder



For getting the sack? Not a bad job. Can I put my name down to get on the gravy chain please?

Graham Kraehe - Brambles Limited - Chairman

Are there any other questions on remuneration or the remuneration report? If not, the resolution, the direct voting and proxy position are now on the screen. I should note that Brambles offered shareholders the option of casting direct votes for the first time at this AGM, not just on the remuneration report but on all the resolutions before the meeting. The vote's disclosed behind me so total direct votes and proxy votes. So if you'd now please mark your voting card for item two. I intend to vote the proxies granted to me in favour of this resolution.

The next items of business are the election and re-election of directors. During the year the Board appointed John Mullen and Brian Schwartz as non-executive directors. I must say I'm absolutely delighted we're able to attract two directors of the calibre of Brian and John. Both have vast international experience, one in financial services and the other in logistics and they're already starting to make a real contribution to the Board. Under the Brambles constitution they hold office until the end of this meeting. John and Brian are eligible for election and it's proposed they be elected as directors. The Board has been through quite a detailed review process and recommends the election of John Mullen and Brian Schwartz to you the shareholders.

At this meeting also Stephen Johns, Carolyn Kay and I are retiring by rotation and retiring non-executive directors have been subject to an assessment process, and their re-election is supported by fellow directors. That assessment process has been quite rigorous. It's detailed in the annual report for you to read. I'll now put the motion in relation to the election of John Mullen. This is item three as set out in the notice of your meeting and I invite John to address the meeting. Thank you John.

John Mullen - Brambles Limited - Non-Executive Director

Thank you very much Mr Chairman. Good afternoon. My name's John Mullen. Some just brief words by way of background as requested. I spent basically all my working life in the transport and logistics industry including about 15 years or so as the chief executive in multinationals around the world. The first 10 years of that was with TNT here in Australia and also in Europe, and the last 15 years with the DPDHL Group, which as you may know is the largest transport logistics company in the world. The last four years of that I was chief executive of DHL Express, which has about 150,000 employees in some 220 countries and territories around the world.

I've been lucky enough to have a fairly varied and international career. I think that's relevant to possible tenure at Brambles, as I've lived and worked in all of the major continents of the world, Asia, United States, Europe, America and elsewhere. I'm also a director of - have been a director of quite a few companies over the years. I've restricted that now that I've returned to Australia but I am still a director of Telstra here as well as National Foreign Trade Council chairman in the United States. So it's a real pleasure and a privilege for me to be asked to be a director of your company and if I'm elected I'll obviously do my absolute utmost to help management and the Board guide the Company to increased performance and development in years to come. Thank you very much.

Graham Kraehe - Brambles Limited - Chairman

Thank you John. Are there any questions to the resolution? If not, the resolution and the proxy position is shown on the screen. Again, I intend to vote proxies granted to me in favour of the resolution so please now mark your card for item three.

Now I put the motion in relation to the election of Brian Schwartz. This is item four as set out in the notice of meeting and I invite Brian to address the meeting. Thank you.

Brian Schwartz - Brambles Limited - Non-Executive Director

Thank you Mr Chairman and good afternoon ladies and gentleman. It really is my privilege to be nominated as a director of Brambles, and I'd like to give you a brief overview of my background. I'm a chartered accountant who immigrated to Australia in the late '70s and I spent 26 years with Ernst & Young in Australia, the last six as chief executive. During that time I was a member of the firm's global board and responsible for the wider Oceania region. After leaving Ernst & Young in 2005 I was appointed chief executive of Investec Bank and I retired from that position in March of this year.



At Investec my brief was to grow the bank in Australia and I was involved in the broad spectrum of banking and advisory industries. My roles in Ernst & Yong and Investec exposed me to the full spectrum of business in Australia and internationally. Given this international focus I believe this experience will stand me in good stead as director of Brambles. I'm now a non executive director on the Boards of IAG and the deputy chairman of IAG, a director of Westfield and of course of Brambles. I'm also deputy chairman of the Football Federation of Australian and remain a consultant to Investec Bank.

My initial six months at Brambles as a board member and a member of the Audit Committee has been challenging and interesting. This experience has fast tracked my exposure to the Company, its issues and the various markets in which it operates. I believe that recent changes made to our company leave it well placed to take on future challenges, and I very much look forward to being part of that change. I welcome the opportunity to serve the shareholders of Brambles and I thank you for your consideration of my appointment. Thank you.

Graham Kraehe - Brambles Limited - Chairman

Thank you Brian. Are there any questions? If not the resolution, the proxy position is on the screen, I intend again to vote proxies granted to me in favour of the resolution. Please mark your voting cards for item four.

I now turn to re-election of directors and the next item relates to my re-election, so in a moment I will vacate the chair in favour of Stephen Johns. But firstly I would like to address the meeting in support of my re-election and just simply to say that my executive career over 30 years, I was chief executive of four different companies in the wine, automotive components, appliance and packaging industries and the characteristics of each of those four companies proved two things are in common. All of them were very large users and customers of Brambles, particularly of the CHEP part of the Brambles business and all of them had substantial international operations, particularly through Asia and North America.

My board experience, since being a non exec has been in a number of different industries ranging from News Corporation, National Australia Bank, BlueScope Steel, the Reserve Bank and of course Brambles, where I've been on the Board for some seven years. My chairman experience has been at BlueScope where I've been chairman for some seven years and I was chairman of the National Australia Bank for a period of time and I've been chairman of Brambles for about 18 months. That's been an 18 month period in which we've had very substantial regeneration of the Board, and as you've heard today, the appointment over the last six months of Brian Schwartz and John Mullen as part of what's been a key regeneration process.

So going forward, with your support, if you support my re-election I would like to continue the process of board regeneration, to continue to maintain the very high standard of corporate governance, which is evident within all of Brambles operations and to support our new CEO Tom Gorman in maximising the shareholder value from our very strong CHEP and Recall business franchises. I will hand over to Stephen Johns.

Stephen Johns - Brambles Limited - Non-Executive Director

Thank you Graham. I would like now to put the motion in relation to the re-election of Graham Kraehe. This is item number five as set out in the notice of meeting. Graham Kraehe retires by rotation and being eligible, stands for re-election to the Board. You've heard from Graham and he has tremendous experience in the commercial world and we're very privileged, I believe, as a board member I can say that with some inside knowledge, to have Graham on the Board and as our chairman. Are there any questions from the floor concerning Graham's re-election? We have one question over here at number two.

Operator

May I reintroduce Mr Harry Felton.

Harry Felton - Shareholder

Always when executives are introducing themselves, they tell you what positions they've held. They never tell you what their aim is and what they're going to do for the Company. Mr Kraehe, who I believe was asked to leave the NAB, will tell you that he had a job there. He didn't say - can you tell us, he's been chairman now for eight years at Brambles, can he tell us what Brambles has done wrong and what they can change to make it a better company?



Stephen Johns - Brambles Limited - Non-Executive Director

Sir, I think I will answer on behalf of Mr Kraeche on this. First of all, Mr Kraeche has been a chairman now at Brambles for 18 months, not for eight years, he's been with the Board for about seven years. Mr Kraeche was not asked to leave the NAB at any time. I think he served that organisation with great distinction. He is enormously qualified to lead the Board.

As a director of Brambles, we all have one principle aim. That is to maximise the value for our shareholders. We do that in many ways, we also balance that with our obligations to our customers, to our employees, to an environment and to all the other stakeholders who are involved and who have any interest in our business. But primarily, our role is to maximise value for our shareholders and to manage the business in the best way to achieve that.

In all of my experience on the Board at Brambles, and I've been here for five years, most of that time with Mr Kraeche on board, and certainly now with Mr Kraeche as my Chairman for 18 months he has fulfilled that obligation admirably. I would certainly want to dispel any rumour that Mr Kraeche is any way unfit to serve on this board. He is exemplary, and we are very, very fortunate to have him.

Harry Felton - Shareholder

The main qualification you have to have to get a job like Mr Kraeche is to be a member of the Melbourne Club, and it seems to be...

Stephen Johns - Brambles Limited - Non-Executive Director

I think I reject that. That's out of order.

Harry Felton - Shareholder

Can you tell me what you're going to do different than he has for the last seven years? Can you tell me what he's going to do different to improve the Company? Because at the moment we're not going forward.

Stephen Johns - Brambles Limited - Non-Executive Director

I think it's fair to say that Mr Kraeche has served this company admirably; he'll continue to do so.

Any other questions? If not, the resolution, the proxy position is now on the screen. I'll invite you to mark your voting cards for item number 5. I intend to vote proxies granted to me in favour of this resolution.

Right, well as the next item concerns my own re-election before returning to the chair, I at least have the opportunity of standing up here and sort of singing for my supper. I'll do that as best I can, but I'll only give myself 30 seconds to do that.

Most of my professional career has been with the Westfield Group. As most of you probably know, that's a major shopping centre group which has been very successful both here in Australia and internationally. I was the CFO and Finance Director for some 20 years there, so therefore I have very deep financial experience, and knowledge I believe also, from the very valuable expertise in the corporate governance issues and all the other issues relating to running a corporation.

I was fortunate to participate in the international expansion of Westfield, and was heavily involved in business development there, and intimately involved with most of the international expansion when Westfield went to the United States and also to Europe. Therefore I believe I bring that expertise to the Brambles Board.

I've been on the Board since 2004. In those five years it's been a privilege to be a director of this company. I think it is a fabulous company with a tremendous business model. I think our new CEO made that point very clearly earlier on. Brambles is a very fine company.



There are difficult trading positions which affect everybody at the moment, and we're not excluded from that, but I think this is a marvellous company to be involved with and it's been a privilege to be involved. I would hope that if I am re-elected that I continue to serve the Board with some distinction. Thank you.

Graham Kraehe - Brambles Limited - Chairman

Thank you Stephen. I could just add that Stephen is the Chair of the Audit Committee and he does an outstanding job in that capacity. Are there any questions to the motion? This is item 6. It's set out in the notice of motion. I'll be voting any undirected proxies in favour of the motion. Proxy position is shown on the screen. Please mark your voting cards for item 6.

I now put the motion in relation to the re-election of Carolyn Kay. This is item 7 as set out in your notice of meeting. Carolyn, I invite you to address the meeting.

Carolyn Kay - Brambles Limited - Non-Executive Director

Thank you Chairman. Good afternoon, and thank you fellow shareholders for the opportunity to address you today.

During my executive career I have worked as a lawyer, a commercial banker, and an investment banker for Linklaters, JP Morgan and Morgan Stanley. I have lived and worked in London and New York for many years, have worked in the financial sector in Australia, and have held key roles in transactions throughout Europe, Asia and the US.

In addition to Brambles, I am currently a Non-Executive Director of the Commonwealth Bank, Allens Arthur Robinson, and the Sydney Institute.

Brambles has a strong focus offshore, with over 85% of our sales revenue earned outside Australia and New Zealand. As a result of my executive career, I can contribute to the Board discussion through an extensive knowledge of international markets. I also have a specific knowledge of the financial sector, which is particularly relevant in times of constrained liquidity and challenging equity markets.

My Australian business experience, both as an Executive and also as a Non-Executive Director, has given me a sound understanding of the corporate and regulatory environment in which we operate, and in which approximately 50% of you shareholders reside. I feel honoured to be a part of the Brambles team, and particularly the group that constitutes the Board of the Company.

The Board has a diverse set of skills which have been utilised during the current challenging economic times, and will continue to be utilised for the benefit of the Company and ultimately you the shareholders.

Most importantly, the Board works well together as a team. I value teamwork, and the benefit that it can bring to a group such as the Brambles Board and the broader organization.

I take my responsibilities as a Non-Executive Director very seriously, and it is with a commitment to continue to work diligently for you that I offer myself for re-election as a Director of Brambles Limited.

Graham Kraehe - Brambles Limited - Chairman

Thank you Carolyn. Are there any questions? The resolution and the proxy position is now on the screen. Please mark your voting card for item seven. Again, I intend to vote the proxies granted to me in favour of this resolution.

The next item on the agenda relates to the constitution and your board would like to take this opportunity to propose two housekeeping amendments to the section of Brambles' constitution dealing with the retirement of directors by rotation. If approved these amendments would delete what is a transitional position relating to the unification of Brambles in 2006, and that which has ceased to be relevant and make Brambles' constitution consistent with the standards in the ASX listing rules.

There are full details set out in the explanatory notes to the notice of meeting and this resolution is being put as a special resolution, which means it requires a 75% majority in favour. Are there any questions? If there are no questions the resolution and the proxy position is now on the screen. Please now mark your voting card for item eight. I intend to vote proxies granted to me in favour of this resolution.

Ladies and gentleman for your attendance and your participation. I now declare the annual general meeting closed. Please don't forget to place your voting cards in the boxes beside the exits. The poll will remain open for another 10 minutes. When it closes you'll be notified on the screen behind me and I invite you to join us outside, not just the directors but a number of the management who are with us today, for a cup of coffee and a chat. Thank you very much.

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