SABMiller plc

Annual General Meeting

22 July 2010

Mr Kahn (Chairman) - Good morning, ladies and gentlemen. It is now 11 o'clock. Once again it's my pleasure to welcome you to our Annual General Meeting.

I should point out at the start that this meeting is being filmed and the proceedings will shortly be available for viewing on our website. This is a 'first' for SABMiller and another step in seeking to be as transparent as we possibly can. Those shareholders who are unable to be with us today will therefore have the opportunity to review a record of the day at their leisure, and to form their own views of the sentiment of the meeting, rather than having to rely on the accounts of others. I should therefore be more grateful than usual if you would ensure that your mobile phones and other devices are firmly switched off for the duration of this meeting.

Let me also begin, as usual, by introducing the board.

All will be familiar from last year with the exception of our two new members. I introduced Howard Willard to you at last year's AGM, just before he joined the board in August as a nominee of Altria

Group, while Mark Armour – Chief Financial Officer of Reed Elsevier Group – joined us in May. Mark will be an excellent addition to our audit and remuneration committees, and his appointment reflects our continued commitment to the process of progressive renewal of the board. I'm delighted to welcome them both to their first AGM. I would ask Howard and Mark just to stand up and identify themselves to our shareholders. Howard, congratulations on your appointment, and thank you. Mark, welcome to the board.

The rest of the members of the board are actually veterans and they have their names in front of them and in order to save time I will not introduce them individually.

There are no apologies, happily.

But, sadly, I must tell you, ladies and gentlemen, this is the last AGM for Lord Fellowes, who steps down immediately after this meeting. Robert Fellowes has served the company with great distinction during his 11 years on the board and I for one, and the board as a whole will greatly miss his contribution. After his retirement, John Manser will take his place as Senior Independent Director and Dr Dambisa Moyo will take over as Chair of our Corporate Accountability and Risk Assurance Committee.

Before moving on, I'd like to make two observations about the current board.

One is the quality and experience of its members. We're fortunate in having so many directors who are industry leaders in their own right and who know the company exceptionally well. Four members have served for all or most of the period since our London listing in 1999. I personally believe we're stronger for the length of service and accumulated expertise of so many of our directors.

My other observation is the international diversity of the board. The fact that we now have five continents represented among our directors is another important strength and entirely appropriate for the diverse, global business that SABMiller has become.

And so, ladies and gentlemen, to the year just ended.

I need hardly remind any of you that conditions have continued to be tough. Nevertheless, we ended the year with very good results.

Although total beverage volumes were similar to the previous year in organic terms at 261 million hectolitres, we succeeded in gaining market share in many of our markets.

EBITA – that's earnings before interest, tax and amortisation – grew 6% on both an organic constant currency and reported basis. The rise was offset, however, by exceptional charges, mainly relating to a major IT programme to simplify our processes and reduce costs. As a result, profit before tax was down a mere 1% at US$2,929 million.

However, adjusted earnings, which excludes the amortisation of intangible assets and post-tax exceptional items, were 22% ahead of the previous year, reflecting EBITA growth, lower finance costs, a lower effective tax rate, and reduced profit attributable to minorities, and in the event adjusted earnings per share were up 17% to 161.1 US cents.

Our balance sheet was further strengthened, with the group generating free cashflow of just over US$ 2 billion, resulting in lower net debt and a fall in our gearing ratio to only 41%.

Given this strong performance, the board has recommended a final dividend of 51 US cents per share. That brings the full-year total to 68 US cents, an increase of 17% on the previous year. A truly remarkable performance under the circumstances.

Moving on to regional results for a moment, the star performer this year was Latin America. With some signs of improvement in the region's economies, most of our businesses either held or increased their market share.

The businesses in Europe and North America faced much tougher conditions but still managed to grow EBITA contribution.

Markets in Africa continued to grow and our volumes and profits increased accordingly.

On the other hand the Asia region saw rapid growth in China with more impressive gains for our Snow brand. South Africa recorded a small drop in volumes but grew its EBITA.

As before, I'd attribute the year's successes to our broad portfolio of businesses, our leading positions in many markets and our very strong local brands. In addition, I'd point to further, selective, investments in managing our brands and customers and the skills of our management in reducing costs, raising productivity and nudging up prices where appropriate in order to maximise revenues.

At the same time, we've kept our eye on longer-term growth by continuing to invest in new capacity, especially in Africa and China.

We’ve also seen past investments producing good returns in markets such as China and Latin America.

Our strong performance, along with some recovery in global stock markets, has supported another rise in our share price. Ladies and gentlemen, over the twelve months to 21 July, which is last night, our share price has risen 43.7% compared with a 16.4 % rise in the FTSE 100. We regard this performance as a happy endorsement of our strategy and a statement of confidence in our future prospects.

We’re also pleased at our strong record of operating sustainably and contributing to the communities in which we work.

Studies around the world continue to show that SABMiller businesses bring benefits to the local economy far beyond the scope of their own operations.

In South Africa, the recent Zenzele transaction will offer the advantage of share ownership to around 40,000 black employees and retailers. It has also created a new charitable foundation to help South African society more broadly.

While benefiting local communities, we’re also driving home the message of responsible drinking. Among our other activities this year, we’ve been training our employees to be ambassadors for responsible consumption wherever they go.

Ladies and gentlemen, before I hand over to Graham for an update on our trading, I need to offer the usual thanks – and most sincerely. Please believe me when I tell you it's no less heartfelt for being addressed to the same groups of people each year.

Firstly, I certainly must thank our board. I’ve already commented on their calibre. Our continuing growth and success are testament to their expert guidance.

Huge thanks also go to Graham and the executive team and all our employees around the world. It certainly hasn’t been an easy year and they’ve come through magnificently and with great honour.

Finally, we’re grateful yet again to our business partners and to you, our shareholders, for supporting the business through another year. Be assured, your contribution is greatly appreciated.

With that, I’ll now hand you over to Graham.

Mr Mackay (Chief Executive) - Thank you, Chairman. Good morning, ladies and gentlemen.

Both lager volumes and soft drinks volumes for the quarter were 1% below the prior year on an organic basis. As we anticipated at the start of the year, consumer demand has remained uneven, with improvements seen in some countries and weakness in others. Recent excise-related price increases and, in the first two months, the timing of Easter, poor weather, and specific events in Poland and Colombia held volumes back in a number of key markets. However, lager volume performance improved through the quarter on an organic basis, showing growth in June compared to the prior year. Results benefited from the impact of pricing despite increased excise-related taxes, and from some reductions in raw material costs. We continued to increase our investment in brands and other market facing activities. Overall, the financial performance of the group in the quarter was in line with expectations.

In Latin America, lager volume grew 1%. In Colombia lager volumes were impacted by a price increase to recover the sales tax levied specifically on the beer category. This, together with poor weather and five "dry days" around presidential elections, resulted in a 6% decline in lager volumes. Peru's lager volumes were up 12%, boosted by the economic recovery and strong sales execution, which increased our market share. In Ecuador robust growth continued with lager volumes up 9%, assisted by the launch of new pack sizes and enhanced geographical distribution, and notwithstanding the imposition in mid-June of Sunday restrictions on off-trade alcohol sales. Soft drinks across the region were up 2% primarily due to a strong performance in Peru.

In Europe, lager volumes declined by 9%, as poor economic conditions generally and recent significant excise increases in some markets continued to depress demand. The first two months were particularly weak due to severe flooding in many markets and temporary restrictions on the sale of alcohol in Poland. However, improved weather conditions assisted a return to volume growth in June. In the quarter volumes in Poland were down 10%. Specific restrictions on alcohol sales during a period of national mourning spanning nine days following the death of the president and widespread flooding had a significant impact. In Romania, volumes fell by 19% as the economic environment continued to deteriorate. Our volumes in Russia declined 9% in line with the market which continues to be impacted by the 200% excise increase effective 1 January 2010. Domestic volumes declined 8% in the Czech Republic, in line with the market, in the context of continued weak consumer sentiment and excise-related price increases.

In the three months to 30 June 201 0, MillerCoors' domestic sales to retailers, which we call STRs, were down 2.4% in a market that remained soft amid ongoing economic pressures. Premium light brand volumes were down low single digits. Coors Light volumes were flat, and MGD 64 was down low single digits, as was Miller Lite which showed an improving trend since the last quarter. The crafts and imports business performed well, led by a strong performance of Blue Moon and Leinenkugel's, and this segment delivered double digit growth. Below premium brands saw a low single digit volume decline. Domestic sales to wholesalers were down 3.5% in the quarter.

In Africa lager volumes grew by 7% on an organic basis. In Mozambique lager volumes were up 9% assisted by both the additional capacity from the new Nampula brewery and the strong growth in our premium Laurentina Preta brand. Capacity expansion in the prior year and economic growth in Uganda combined to deliver lager volume growth of 26%. Reported Tanzania lager volumes declined 4% due to the termination of the arrangement with East Africa Breweries Limited (EABL) to brew and distribute their products; however like-for-like SABMiller brand volumes grew strongly over the prior year. In Angola the recently commissioned brewery in Luanda enabled strong lager volume growth. Botswana lager volumes continued to decline. Castel, our associate, grew volumes by 7% on an organic basis with good performances in Ethiopia, Cameroon, Ivory Coast and the Democratic Republic of Congo. In soft drinks Angola returned to growth, although the category overall ended the quarter 3% lower on an organic basis. Traditional beer volumes in the region grew 5%.

Lager volumes in Asia grew by 4% on an organic basis. India reported significant growth from a low prior year base which was affected by regulatory issues in some key states. Volumes in China were broadly in line with the prior year on an organic basis, cycling a strong comparative quarter last year in which volumes grew 17%. Despite continued brand investment, the extended winter, followed by severe storms, hampered volumes in CR Snow's operations in the central and western provinces early in the quarter. However volume growth in China resumed in June.

In South Africa, following a weak April due to the absence of an Easter peak, lager volumes grew over the rest of the quarter, ending level with the prior year in a market which grew marginally. Lager volumes benefited from continued focus and investment in the core brand portfolio and the positive effect of the 2010 World Cup. Periods of unusually cold and wet weather held back soft drinks volumes which ended the quarter down 2%, despite increased activations centred on the FIFA World Cup and emphasis on immediate consumption packs.

On 9 June 2010, we announced the issue of shares in the group's South African subsidiary, The South African Breweries Limited ("SAB") pursuant to the group's broad-based black economic empowerment transaction in South Africa, which was announced on 1 July last year and approved by shareholders on 15 January last year *[2010]*. A total of 46,173,000 new shares in SAB, representing 8.45% of SAB's enlarged issued share capital, has been issued to the three participant groups: SAB employees; black-owned licensed liquor retailers and retail liquor licence applicants, as well as registered black-owned customers of ABI, the soft drinks division of SAB; and the broader South African community through a newly established charitable SAB Foundation.

That concludes my remarks and I will now hand you back to the Chairman.

Chairman - Thank you, Graham. After that report, we now move on to the formal business of the meeting.

The Notice of Meeting, together with explanatory notes, was posted to Shareholders on 23 June 2010. Accordingly, the requisite notice of the meeting has been given. I propose therefore, but only with your consent, that the Notice of Meeting should be taken as read. Do I have your agreement for that please?

Agreed?

Good! Thank you.

In order, ladies and gentlemen, to reflect more accurately the views of all members of the Company it is once again my intention to call for voting by a poll on all the resolutions to be put to the meeting.

Now, although I suspect the vast majority of those present today are familiar with the voting handsets, for any new shareholders, and for those of us that could do with a refresher, this is how the handsets and voting procedures operate.

If you are a shareholder, corporate representative or proxy you should have been given at the registration desk an electronic voting handset and a smartcard for the purpose obviously of voting your shares on each resolution. But if you have already lodged a proxy before the meeting, and you were happy to let those proxies carry their votes, you will not need a handset. If anyone who should have a handset and smartcard does not, please raise your hand and someone will assist you.

There is a hand up there. Thank you.

The operation of the handsets ladies and gentlemen is very straightforward and allows us to count your votes and let you have the results whilst you are still with us today.

I believe our Registrars will have already activated the handsets by inserting the smart cards for you. However, if any of you have a smart card that is currently separate from the handset, please insert your smart card now, making sure that the arrows at the bottom of the smartcard are facing up.

Is everybody alright with that? Thank you.

A welcome message will now appear when the card is inserted correctly.

Again, ladies and gentlemen, if anybody needs assistance with this please raise your hand.

The machine has said "welcome" and you are happy with that.

When the poll opens, the handset will display the voting options. On each resolution, I will ask you to vote by pressing button 1 to vote “For” the resolution, button 2 to vote “Against” the resolution and button 3 for vote “Withheld”. Let me repeat that: 1 to vote “For” 2 to vote “Against” and 3 to vote “Withheld”.

The vote withheld option is provided for you to abstain on any resolution. However, please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes “For” and “Against”.

After voting, the word “Received” will appear on your handset to indicate your vote has counted. If you wish to change your vote at any time before the vote is closed, simply enter your new choice by pressing 1, 2, or 3 as appropriate. 1 being “For”, 2 being “Against” and 3 being “Withheld”.

If, on the other hand, your smartcard is not inserted correctly during a vote, a warning will appear. Please then reinsert your smartcard or hold up your hand to indicate that you have a problem.

Now, you have had the Annual Financial Statements for the year ended 31 March 2010 and the Notice of the Annual General Meeting in your hands for some time now, and these also include biographical details of the directors standing for election or re-election.

With your permission, ladies and gentlemen, I should like to proceed this morning by dealing with all questions from shareholders on any matters relevant to the business of the meeting at the outset, before we move on to the voting on the resolutions themselves. This is because we have a large number of resolutions, and in my view we will be able to deal with the voting more expeditiously in this manner, while still giving shareholders time to ask all the questions that they may wish to ask.

Let me also make something else clear. While this is my recommendation for the proceedings today, if at any time during the resolutions subsequent to the question time any shareholder wishes to ask any additional questions, all they need to do is draw my attention to their request and I will happily entertain additional questions as we go through the resolutions.

Okay. There were no questions handed in at registration and I now invite questions from the floor.

Ah, Mr Botha, welcome!

I assume you have a whole series of questions again, so will you please ask them one at a time.

Mr Botha – Thank you so much Mr Chairman. Mr Chairman I would just like to follow on the question that I asked last year in terms of succession planning, that would be succession planning for yourself as well as succession planning for the executive team.

The Chairman - Let me give you the same answer that I gave you last year. We are all a year older and a year closer to the succession plan. These have been planned in great detail and you can take comfort of the fact that it is very much in hand.

Mr Botha - Thank you, Mr Chairman. Chairman if you could turn to page 156 of the annual report Group revenue has increased from US$23 billion to US$26 billion, an 11% increase over the last two years. However the operating profit has decreased from 3.4 billion to 2.6 billion, a 24% decrease over the last two years. Basic earnings, as well as diluted earnings, have decreased by 9%.

The Chairman - Just slow down a bit, please. I can see them going through the accounts. Just slow it down, please. Have you got the question, Malcolm?

Mr Wyman (Chief Financial Officer) - I should like to just have a repeat of the page number that Mr Botha is on.

Mr Botha - 156. Group revenue has increased from 23.8 billion to 26 billion, which is an 11% increase over the last two years. However, operating profits have decreased from 3.4 billion to 2.6 billion, a 24% decrease over the last two years. Basic earnings, as well as diluted earnings, have decreased by 9% over the last two years. Normalised EBITDA earnings have decreased ever since 2006. In other words, this company has shown a flat growth over the last two years. Our CEO also gave us an update in the last six months. That also appears to be flat. I should like to know...

The Chairman - The last three months.

Mr Botha - ...the last three months. When will we actually start seeing growth again, Mr Chairman?

The Chairman - Malcolm, I think this is a MillerCoors question here. Perhaps you could explain it.

Mr Wyman - Yes. Chairman, there are some technical issues in here because you are looking at the IFRS accounts and for example, as you know, two years ago we did the deal with MillerCoors, where we merged our Miller brewing business. Technically what that means in a joint venture, is we now no longer can take the EBITDA from that joint venture and include it in the financial statements EBITDA. However, what we do receive is a significant dividend from the MillerCoors group which is equivalent to EBITDA, and that's entitled normalised EBITDA and that is included in the accounts, in the notes to the accounts, and shows what that figure is. And if you take that into account, you will see that there has been growth in the underlying EBITDA.

The Chairman - Now, it is really a technicality. You can rest assured this business is growing.

Mr Botha - If you take into consideration the 2 billion free cash flow, basically free cash flow, I should like to know if you have got free cash flow why don't we actually give the free cash flow to the shareholders? The 2 billion?

Mr Wyman - We do have free cash flow, as you have seen in the financial statements. But what we have done, obviously, with that free cash flow, first of all, is used it to pay dividends to shareholders, and the total dividends to shareholders this year would exceed $1 billion. The balance of that we have used to reduce debt. So the funds have been used to strengthen the financial structure of the company and also to give more than half of that back to shareholders by way of dividends.

Mr Botha - Okay, thank you, Mr Chairman.

The Chairman - That is not a bad arrangement, Mr Botha. I think that the shareholders are actually quite thrilled.

Mr Botha - It appears so. I should like to ask the Chairman of Remco a question, please, if I may, Mr Chairman.

The Chairman - Sure, sure.

Mr Botha - Mr Morland, if you turn to page 60 re base pay, it has increased by 4% commencing on 1st April. You state you took into consideration the 17% increase in adjusted earnings. But overall my feeling is that the basic earnings per share, diluted earnings per share, have been down. And yet we only look at adjusted earnings being only one figure. Surely, Mr Morland, do you think we should look at more and more figures in terms of the overall 4%?

The Chairman - May I respond before Mr Morland even gets his chance? Because you keep referring to adjusted earnings and basic earnings, which are two technicalities in terms of accounting. The only earnings that count, Mr Botha, are cash earnings per share. The only reality in any company is cash. If you look at cash earnings per share, you will find that cash earnings per share far exceeds basic earnings or the reported basic earnings, which is really just accounting, right, and adjusted earnings per share. And in fact when we decide on our dividend policy for that year we actually look at cash earnings per share as the reality in the business and then determine what dividend we should pay. So, sleep well, your cash earnings per share are much higher than those two and I commend you in the future to actually look at that.

Mr Botha - And I do sleep well. It is just that...

The Chairman - Good! You are an important shareholder. You have got one share!

Mr Botha - Thank you, Mr Chairman. Mr Morland, the criteria actually changed. If we had awarded it. You basically said you made a 4% increase on the 17% increase in adjusted earnings; but last year our adjusted earnings actually went down by 4%. You also said this year that you made the award of 4% based on the increase of 15% dividends. But last year our earnings, in terms of dividends paid, was flat. Have you changed the criteria in terms of the awarding for increases in basic pay?

The Chairman - Miles, do you want to have a crack at that?

Mr Morland (The Chairman of the Remuneration Committee) - I would be happy to. Our accounts, as you know, are done in US dollars. The salaries of the senior employees of the company in this country are done in pounds sterling. Last year, although there was a decline in adjusted earnings per share in US dollar terms, it seemed to us wrong to set pounds sterling remuneration against US dollar benchmark. In fact, last year in sterling terms - I cannot remember the exact figure - I think earnings were up 12% earnings per share. So we increased, I think it was 4.1%, the Chief Executive's salary last year in pounds sterling, which against a 12% increase in earnings seemed to us reasonable. Again, looking at it in pounds sterling, I think we have been perfectly consistent.

The Chairman - That is a brilliant answer, Miles! No wonder you are Chairman of the Remco. Well done!

Mr Botha - If we just carry on with the bonus award, our bonus increased by 82% based on… I should just like to know, did you change the criteria in terms of the awarding of bonuses?

Mr Morland - No, I think the criteria, again, have been very consistent. We have a very clearly defined benchmark for setting the bonus. Most of it is triggered off financial performance of the entire company, and then off personal strategic goals of individuals. We follow that extremely closely. Last year, in a very difficult year for companies worldwide, we produced some really good earnings, and that increase in earnings triggered an increase in bonus.

Mr Botha - You also put in a criteria of working capital management. Wasn't that a criteria in terms of----?

Mr Morland - Well, we have different criteria for different executives. For the Chief Executive the criteria are the financial performance of the company as a whole plus a judgment of how well he has achieved personal and strategic goals. That is very much a measure of how the people underneath him, because he is responsible for the entire company, how well they have achieved their goals.

Mr Botha - In terms of working capital management, is there a new criteria for the whole group or not?

Mr Morland - I might ask Graham to handle that. Would that be appropriate?

The Chairman - Yes.

Mr Mackay - It was introduced the year before last for the first time and we are including it this year as well, so it has become established as part of the financial----

Mr Botha - With respect, I do not think it was mentioned last year in the annual report.

Mr Mackay - It was introduced at the beginning of last year, the reporting year, and we have continued it for this current year. We have now established it as part of the financial metrics that we measure executives on.

Mr Botha - What, would affect, Mr Morland, that? I mean now we have got to the fact that the working capital management has been introduced for the last financial year, what is the effect on the CEO's pay by that introduction?
Mr Morland - Well, as I said, the CEO's pay -- I have told you the criteria we use to judge that, the bulk of which is the financial performance of the company as a whole, and part of it is his own personal performance.

The Chairman - Mr Botha, the whole fundamental is to align management's interest with shareholder interests. That is the whole concept. Now the shareholders have enjoyed an increase up until last night of almost 44% in the share price off a fairly high base. To really question then management's arithmetic in devising what their bonuses are is a little bit out of kilter because I would love the shareholders to continue to do exceptionally well on the share price, but I would like that aligned also with management's contribution and their reward.

Mr Botha - I would just like to see a little bit of better disclosure, so----

The Chairman - I cannot hear you. I am sorry. Could you speak up? I beg your pardon?

Mr Botha - I would like to see a bit better disclosure so I do not have to come to the AGM and ask you these questions, Mr Chairman.

The Chairman - But you do not have to do come to the AGM. You can just phone us or we send out letters to shareholders. The AGM is not a circus; it is not a "oncer". We are available to shareholders throughout the year. So any questions you have, please feel free to phone or even come for a personal visit. I will put the coffee machine on!

Mr Botha - Thank you so much, Mr Chairman. Mr Chairman, with the significant changes to the long-term incentive scheme re the remuneration policy, I should like to know why the board has not put the changes forward to the shareholders' vote in terms of the Combined Code, provision 5.2.4?

The Chairman - I could have bet a million rand you were going to ask that question. I think you owe me a million bucks! We have our legal counsel here. We have a prepared answer for you. Please listen carefully.

Mr Botha - Mr Chairman, I am so glad you are making some money out of this AGM!

Mr Davidson (The General Counsel and Group Company Secretary) - I think, Mr Chairman, the answer is, it is not actually a fundamental change to the share plans themselves, which were renewed at the AGM in 2008 and approved by shareholders then. It is a change in the way in which the TSR condition is applied. We still have the EPS-Based Performance Share Award and we have a different way of measuring the TSR-based condition for the second half of the share awards.

The Chairman - And please carry on to tell him that we did consult with shareholders.

Mr Davidson - Indeed, Mr Chairman as we say in the Remuneration Report, we did write to the 10 largest shareholders, in addition to those who are represented on our board. We did consult with two of the largest institutional shareholder representative bodies, seeking their views on what was proposed, and the proposals which the board were considering were modified in light of the responses to that consultation.

The Chairman - I was just going to mark me "tick, tick". There you go.

Mr Botha - Right, Mr Chairman. Thank you so much.

The Chairman - Mr Botha, that is so short. Thank you very much. Are there any other questions? Yes, sir?

Mr Rolls - Good morning, Chairman. My name is Rolls. I'm a shareholder. You will be pleased to know that I have only got two questions.

The Chairman - Ask as many as you like, sir.

Mr Rolls - My first question is a more detailed follow up to a point I raised at last year's Annual General Meeting. It relates to certain independent non-executive Directors; namely, John Manser, who was appointed in June 2001; John Manzoni, who was appointed in August 2004; Liz Doherty, appointed in April 2006; Rob Pieterse, appointed in May 2008; and Dambisa Moyo, appointed in June 2009. Sorry I have had to mention names, but last time I did not.

The Chairman - No problem.

Mr Rolls - None of these individuals has ever owned any shares in our Company, despite receiving substantial fees during their tenure. I consider that all independent non-executive directors should own a nominal number of shares in their companies, thus aligning their interests with the aims and aspirations of other individual small shareholders. My question is could each of these directors give their reasons for abstaining from the company share base? If they feel too embarrassed to explain in open meeting, then I would be happy to discuss the situation with them at the conclusion of the AGM. That is my first question.

The Chairman - Thank you. May I just make a case, certainly against them exposing themselves as to why they do or they do not own shares. They may own them indirectly, who knows? I can tell you this much, though. What you ask is a valid question and you are fully entitled to ask it. SABMiller, as an international organisation and company, trades over very many major jurisdictions. So it is that America is a major jurisdiction with its own corporate governance regulations. South Africa is a major to us. The UK and Europe is a major to us, and South America and Latin America is a major to us. Now, as I understand corporate governance, in South Africa they advise against non-executive directors, either independent or not independent, to own any shares in the business. So it is a quagmire what is the right thing to do and where to do it. What we generally do in SABMiller is we attempt to apply absolute commonsense. Right? And run a golden thread through all the various jurisdictions and come up with a solution of what we believe is in the best interests of the business. Let me also assure you that Mr Wyman has a substantial shareholding in SABMiller. Mr Mackay has a substantial shareholding and I, too, have a substantial shareholding in SABMiller. So, as a shareholder, when you don't sleep, we don't sleep, and when you sleep well, we sleep very well. Are there any other questions?

Mr Rolls - Could I continue with that one?

The Chairman - Sure.

Mr Rolls - I am well aware of what you said. You are an international group. But I would make the point that you are now a UK-based Company. I assume all your non-executive directors are earning sterling fees.

The Chairman - They do.

Mr Rolls - And therefore I think that the UK criteria should apply. You know very well that the latest recommendations for non-executive directors -- I am there talking UK -- is that they do own a nominal number of shares. I am not going to say how many shares, or anything like that. But they do. It is not the situation of ten years ago, if you like, where directors would say, "Well, we want to be independent. Therefore we will not own shares." That view has changed in the UK.

The Chairman - Yes, it has in the UK.

Mr Rolls - I am saying, when I am making my point, that this is a UK-based company.

The Chairman - A UK listed company.

Mr Rolls - Yes, okay, but the first criteria is it follows UK rules. Right? I am well aware of individual directors based in America. There is no problem with America at all. They can own shares in the UK. I am not too sure about South Africa, but certainly America there is certainly no problems of these directors owning shares in the UK. So that is my point.

The Chairman - Thank you. Can we note your point and move on to your next question?

Mr Rolls - As you probably realise, I ask this question of many, many companies, and I get a similar type answer, and I will go into much more detail with any individual director and I will explain why I think they should own shares.

The Chairman - Good! Thank you very much.

Mr Rolls - That is at a personal level and I do not really want to do that here in the open meeting.

The Chairman - Thank you.

Mr Rolls - So that is my first question. My second question also is about the board. Our board now has five non-executive directors appointed by two shareholders who own just over 41% of the issued capital. I realise that these appointments came about following the two mergers but will this situation continue as long as we are an independent company?

The Chairman - The situation is a contractual one----

Mr Rolls - I mean for ever.

The Chairman - No, there are stipulations in the contract that if and when over a period of time their shareholding drops so does their influence and their representation on the board. It is a contractual obligation.

Mr Rolls - In perpetual, yes.
The Chairman - But I am hoping that their influence and their shareholding never drops.

Mr Rolls - I want to know the legal position.

The Chairman - And I agree. No problem.

Mr Rolls - Thank you for giving me that answer. That is what I required. Thank you.

The Chairman - My pleasure. Thank you. Any other questions?

Mr De Souza - Good morning, Chairman. I can confirm to you that I have more than one share! The question is, I read the newspaper from South Africa during the World Cup. When England played Slovenia you gave them the previous night a lot of SABMiller -- a lot of beers, free beers, and they won 1-0. So what happened to them when they played Germany? Did you give them any free beer? Why not? Can you tell me why not?

The Chairman - No, I surrender! I surrender. You have me beat. What is the real question?

Mr De Souza - That is the question. I want to know, why England lost to Germany.

The Chairman - I tell you why I think England lost to Germany -- Germany scored more goals!

Mr De Souza - Thank you.

Question - Mr Chairman, an arguably less technical question. What additional cost is the company having to bear against such things as the incidence of a beer slick on the North American continent?

The Chairman - You know, last year I had to phone a friend. This year I am going to ask the audience - how do you answer that question? What is the question?

Question - Are your insurance costs having to actually rise very considerably in North America as a result of risk?

The Chairman - No, we are not aware of that.

Question - You are not aware of that. There is not an ever-upward progression of risk in North America?

The Chairman - Not to our knowledge. Thank you. Any other questions? Yes, sir.

Mr Tony Myers - Good morning Chairman, my name is Tony Myers. I come to many AGMs and this is the first meeting I have been to this one for a long time, and I have never seen so many non-executive directors on a board. I think you have 14 with Lord Fellowes resigning at the meeting. What do they all do? I mean 14 for heaven's sake!

The Chairman - We have a very large lunch table!

Mr Myers - I thought you did!

The Chairman - We cannot afford any empty spaces! No, we are spread over five continents. We have shareholder obligations to the tune of five directors. We need to compensate because they are considered to be non-independent with independent directors. Every one of the people you see behind this table are hand-picked for the balance they give to the board and the knowledge they give, and it is really a pleasure having them. It is like a family, you can never have too many children!

Mr Myers - I have another question. I notice on the report and accounts "goodwill". I am always familiar with goodwill. It is a loss on something you have bought. It is a technicality. The only thing I think goodwill is good for is gearing. May I refer you to page 96? We have Grolsch Netherlands that we bought for $1.2 billion. We have a deteriorating trading performance, a loss of $350 million on that takeover. Has that been cleared, now, Chairman? We are covered now on that? It is 2008 I think we took it over.

Mr Wyman - To come to your question at the end, essentially what happened, as I think we mentioned in one of the other AGMs, was that we bought the business in 2008. As I think everyone knows, there was a global financial crisis after that. Following that, we had a serious downturn or recession throughout the world. What happened was that the intention that we had to grow our exports around the world was obviously affected by the downturn. So we felt that it was appropriate to reassess the intentions that we had and look at the next three or four years. We felt that given those economic circumstances, we would still be able to achieve our objective but at a further out stage. So that lessens the value that we would achieve over the next five to ten years. In terms of the IFRS statement, we need to look at the value of the company more in the short-term rather than the long-term. Technically then we decided that given the impact over the short-term we would need to take an impairment. So we wrote that down and obviously what happens to that business now depends upon trading and depends upon economic circumstances and how it trades in the future. We looked at it again this year and we did not feel that there was a need for any further impairment.

Mr Myers - Thank you.

The Chairman - Just as a matter of interest, and as a non-accountant, you know the three most important assets in this business do not appear on our balance sheet. The one being the value of our brands. So if you actually put the value of our brands on the balance sheet, right, it would far exceed what you considered to be goodwill. That is an important aspect.

The second one is obviously the value of our management. I do not know how you put a price on that.

The third one is the value of our reputation.

Mr Myers - I must admit my shares have done very well.

The Chairman - Good! I am pleased.

Mr Myers - I am disappointed that the other board did not take the shares up last year. What did you say, a 43% gain? Wow!

The Chairman - Yes, sure. Well, let us see how we go into the future. The markets are very rocky and business is not exactly flying in consumption worldwide, but we certainly will not stop trying.

Mr Myers - Can I just ask a further question? I have two holdings. Obviously, in my own name, because I am here, but I have a large holding in an ISA in a nominee account. Could I attend this meeting in that situation? It is not in my name.

Mr Davidson - Yes, Chairman. The answer is any shareholder who owns shares indirectly through a pooled fund or a nominee of any sort can obtain a letter of representation effectively from the registered holder to permit you to attend in that capacity as well.

Mr Myers - Thank you.

The Chairman - There you go. Any more questions, please? Yes, sir.

Mr Richard Best - Mr Chairman, what is your position in relation to the acquisition of brewery assets in the United Kingdom for brewing activities in the United Kingdom?

The Chairman - We have a business in the UK. I think we market our international brands. They are doing quite well. The UK beer market, with total love and respect, is not exactly a growth market. It is dominated by two major brewers, with a lot of boutique beers and I personally would be very surprised if we chose to invest massive money in the UK market because of that.

Mr Best - Thank you.

The Chairman - Pleasure.

Mr Surinash Pal - Good morning to you all, sir. Mr name is Surinash Pal, a joint shareholder with my wife. Many shareholders are sleeping well, and that is why you can see that many seats are empty in here. Whatever it is worth as a private shareholder, I thank you for increasing the dividend by 17%. I also thank you for your confidence in the share price of £19 today.

But in addition to that, I would like to make a comment, a question, whatever, sir. I am very perplexed that you have given us a dividend of 17% extra. But you, the board, have taken 30% extra. You have given the ordinary employees, which have gone up by 2%, only 3.2%. When the employees see this they will regard the board as greedy because 30% compared to not even 3.2%. Sir, I think you should review this and ask the employees whether they are really happy to see you taking 30% and them only 3.2%.

Another question I would like to ask you is this, sir. This company has a debt of over $8 billion. When you have got that sort of high debt, how do you decide that the dividend would be 17% and your salary should be 30%? That is my question, sir.

The Chairman - Can I respond first on the dividend? Our dividend policy publicly proclaimed is that we will increase the dividend in line with the increase in earnings. Okay? So our earnings were up 17%; we increased the dividend for the year by 17%. So shareholders know exactly what our dividend policy is.

As far as my salary is concerned, I think somebody else should answer that. Miles, I am going to ask you as to why I got this whopping increase.

Mr Pal - It is not your own; it is a board salary. You have taken 30% extra over last year.

The Chairman - Did you hear that, Miles?

Mr Morland - The board salary went up 30%? I do not think that is correct, is it? I think 10.7%.

We take very seriously our responsibilities as a remuneration committee. We employ Kepler Associates, and other people, to advise us. As the Chairman said, it is a global company. We actually have relatively few operations in the United Kingdom, and we have to benchmark ourselves against American companies, South American companies, South African companies, and companies in eastern Europe and Asia. It is quite a complicated business doing this.

If one just looks at the UK as if that is where our business was, you are going to end up getting a misleading position. When the remuneration committee sets the payment for the senior executives, and for board members, we have to take into account all the information we get from our consultants, and other people, and we have to benchmark against that. And we benchmark consistently to try and pay people at the upper quartile if they perform well. And that is what we have done. And the numbers that come out of that are a result of very careful benchmarking as a result of an enormous amount of research.

Sometimes those numbers are going to look odd when they are seen against the pay of certain people in certain countries. Sometimes they will not. But what we do is we take an enormous amount of care in making sure they are benchmarked and we have been very consistent in that. And that is where the numbers have come from. I think when you're looking at the Chairman's salary or non-executive directors salaries, we for quite a long time decided we will only review those every 3 years or so. The Chairman in fact I think gets a lower salary probably than just about any other Chairman of a company of this kind of size.

Then because of that we would have a catch up every three years when we would take outside advice, what do NEDs of companies of this kind of size get paid, and we try and benchmark ourselves to the market there. But then because that happened every three years, you get a sudden bump up which would draw attention, "Gosh! These guys are getting a ridiculous increase." But actually it is because they have been flat for two or three years.

The Chairman's salary remained flat for quite a long time. So all we are trying to do at the moment is to mark things to market, so to speak. We are still I think, for NEDs and for the Chairman, way below the market.

NEDs, I think, are slightly below the market. We have decided in future we will review NED salaries every year and take outside advice as to what other people in similar companies are getting, and we will benchmark those. So that is where the numbers come from.

The Chairman - Thank you, Miles. Any other questions?

Mr Pal - So will the ordinary employees share your view, because they got only not even 3%?

The Chairman - Where does that come from?

Mr Morland - I cannot answer that question. We have a remarkably low turnover has a company. I think the percentage of the employees who leave every year is minuscule compared with most other large companies. So I would suspect the ordinary employees feel they are very well compensated.

The Chairman - Graham and Malcolm have pointed out to me that the 3% you are talking about is the guideline for the UK. The rest of the world is very much higher than that -- very much higher.

Mr Pal - I am reading on page 91. If you look at it, you will see that the wages and the salaries have gone up by 3.2%, and when you go to the total employees it has gone up by 2%. So therefore the total emoluments, if you consider, will be less than 3.2%. If you compare it with 30% I do not think that the employees will be very happy about it.

The Chairman - I have just being given the explanation. We have much less employees now because of the downturn, so there are a lot less people and the percentage reflecting at 3.2 is therefore much lower than it really is.

Mr Pal - No, sir. The number of employees has gone up.

The Chairman - I cannot hear, sorry.

Mr Pal - The number of employees has gone up by 2%, not reduced.

The Chairman - That is because of acquisitions. But our people are very well treated. Our Africa expansion has been very, very considerable. That is where the number of people have come from. But I promise you that in places like South Africa, America, South America, you would never get away with a 3.2% salary increase. You would have labour unrest coming down your throat like an avalanche.

Are there any other questions, please? If there are no questions, I would, with your permission, like to move on to the resolutions. But please can I remind shareholders that if there are any questions that come to mind during the course of voting on the resolutions, please feel free to ask them.

Thank you all for your questions. We now proceed to vote on the resolutions. May I remind you that resolutions 1 to 14 are proposed as ordinary resolutions, and resolutions 15 to 18 are proposed as special resolutions.

Okay. Resolution No 1. Please let me remind you that to vote you should press 1 "For" the resolution, 2 "Against" the resolution and 3 to "Withhold" your vote. To change your vote, simply enter your new choice by pressing 1, 2 or 3, as appropriate.

Will you please all now vote on resolution No 1.

Can I now close the vote, please?

I declare the resolution carried with a 97.34% majority. Thank you, shareholders.

We move on to resolution No 2. That is the directors' remuneration report for 2010. Please vote now on the resolution.

I now close the vote.

The resolution is passed, ladies and gentlemen, with a 91.83% majority. Thank you.

Resolution No 3, the election of Mark Armour as a director of our company.

Would you all please vote now.

Can we close the vote, please?

The resolution is carried by 99.81%. Welcome, Mark.

Next, to elect Howard Willard as a director of the company.

Please vote now.

Please close the vote.

Howard's election is carried by 98.19%. Thank you, Howard and congratulations.

I cannot propose myself. I am going to ask our senior non-executive director, Lord Fellowes, to do so.

Lord Fellowes - Chairman, I'm very pleased to propose your re-election as a director of the Company.

The Chairman - Thank you, Robert.

Will you all please vote.

I am going to leave the vote open longer than normally because this is personal! And I am watching you!

Will you please close the vote.

Not too bad, 98.17%. Thank you, ladies and gentlemen. Thank you for your confidence.

Mr P J Manser, please. Will you all vote now on resolution No 6.

Close the vote, please.

97% majority, thank you.

Mr Dinyar Devitre on resolution No 7.

Please vote.

Can you close the vote?

96%. Well carried, thank you, Dinyar, and congratulations.

Mr Morland, resolution No 8. Please vote.

I am going to close the poll.

97%. Well done, Miles.

Mr Cyril Ramaphosa, resolution No 9. Please vote.

I am going to close the vote.

Well done, Cyril, 96% majority.

Malcolm Wyman, please. Resolution No 10.

I am going to close the poll.

99%, Malcolm. Congratulations.

Resolution No 11: we needed to vote to approve the final dividend of 51 US cents per ordinary share, to be paid on 13 August 2010 to shareholders on the register of members at the close of business on 6 August 2010. Please will you all vote now as to whether you want the dividend.

I am going to close the poll.

What a pleasant surprise!

Resolution number 12, to reappoint PricewaterhouseCoopers as auditors of our company. Will you please vote now.

I am going to close the poll.

97% in favour. Well done, PWC.

Resolution No 13: to authorise the directors to determine the remuneration of the auditors.

Would you all please vote now.

Close the poll, please.

Almost 98%. There you go.

On resolution No 14 we need a general power and authority to the board to allot shares.

Will you please vote on resolution No 14?

I am going to close the poll.

Carried by almost 92%. Thank you very much.

Resolution No 15 is to give a general power and authority to the directors to allot shares for cash otherwise than pro rata to all shareholders.

Will you please vote on resolution No 15?

Please close the vote.

Carried, 86%. Thank you.

Resolution No 16: the authority we require to purchase shares in the company.

Will you all please vote now?

I close the poll.

99.74%.

Resolution No 17 is to allow us to call a general meeting, other than annual general meetings, on not less than 14 days' notice. Would you please vote on resolution No 17 now.

I close the poll.

91% agree and approve, and the resolution is carried.

We need new articles, an amendment to our articles of association. That is resolution No 18.

Will you all please vote now.

I am going to close the poll.

Almost 100%, thank you very much.

That, ladies and gentlemen, concludes the business of this meeting. I thank you all for your patience and your interest and now declare formally that the meeting is closed.

Could I please remind you to hand in your handsets and smartcards on the way out. You are, however, all invited to join the board for a glass of beer in the adjacent room. On leaving, a sample of the company's product -- the stuff we did not give to Germany -- will be available for each of you to take away. In order to receive this, you must hand in the token given to you when you registered. Enjoy it all in good health and thank you once again for your support and attendance. Thank you.