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PRESENTATION

Tom Gorman - ***Brambles - CEO***

Morning everybody again and on behalf of the entire Brambles family, just say welcome to the 2010 Investor Market Briefing.

This is a great opportunity for us as - just I think it's about 18 months ago now that I was in a different role, but speaking many of you in Madrid when we talked about our European CHEP and Recall businesses at the time. As I said, it's very exciting for us to be here and it's pretty easy to tell who's who.

Those that are guests, you look like you're going to a wedding and everyone looks pretty happy and the funeral group is over here to our right. This is a little bit of my fault. I always think it's important that we have important guests that we put our best foot forward so, the dark suits over here - but believe me it's not indicative of the personalities of the team.

It's just a way of just sending a message to those of you that have really sacrificed so much of your time to be with us for the next couple of days.

It is going to be a very exciting couple of days from us and we are going to go through some details of our business. But I think the real benefit, having done this back in Madrid, is that you as investors, as brokers and bankers, really get an opportunity to meet our management, and that's really the benefit of the next couple of days.

It started last evening with a light welcome dinner and it will continue over the next couple of days, both at the normal breaks, Q&A sessions that we have, but tomorrow in particular with the site visits and so forth and so on. So it's a great opportunity for you to get to talk to more than just myself and Greg, as you normally do.

Just let me give you a sense of who is going to be here over the next couple of days, and then I'll get on to - we'll get right into it.

So from the Brambles team if you will - myself, Greg Hayes who you all know as our CFO, Cathy Press who is the head of our Capital Markets Group, oversees Investor Relations and Communications, as well as she does our treasury work, James Hall whom you met before and you all know James is intimately involved in our Investor Relations and then Louise is around somewhere, and she is here to assist us as need be.

The CHEP and the Recall team, well Elton will introduce his team to you in a few moments and then Jim will do the same. So we'll let them go through that.

Later this week, on Friday, there'll be a few more faces that you'll get to see as we talk about our business on the CHEP side in Latin America, Canada. Dan Dershem will be here from LeanLogistics. Kevin Shuba will be here as well to talk a little bit about our growth aspirations on the automotive side. So there is a big group of people that are here.

As for the guests, I think at last count we had something on the order of 45, and as part of that we have 27 different investors here today, 10 brokers and I think about 8 bankers. So it is a good group of people here that are interested in our company. Some of you have been following us for a very, very long time. So it's a great opportunity for us again to introduce our management.

What will you hear about today? It's really just pretty straight forward. The Recall North America side, we're going to take a deep dive into the business. So it's an education process of explaining how our business operates and we'll talk about the growth strategy that Elton and his team are driving, globally, but then more specifically with Mark and his team in North America.

Of course we'll go through the CHEP Americas in great detail as well later today and then with - a part of that is a focus on what we're doing on better every day. So a lot of the Americas discussion today will really focus on the three major planks of better every day. Each one of the leaders of those planks will be here and talk about what they're focused on and how we're making great progress.

Then we'll shift to more of a growth discussion and this will come really on Friday and in that opportunity we'll talk about the CHEP side of the business. We'll focus on what we're doing with the small and medium enterprises. So Karen will walk us through that. As I said, Kevin Shuba will be here to talk about automotive. LeanLogistics Dan Dershem and then emerging markets will be covered off at that time as well.

So it is a very full agenda over the next couple of days and of course tomorrow there are site visits. We'll give you a little bit more background on that from the direct presenters.

I recognize that many of us have travelled a long distance to be here, and throughout the day your energy level goes up and down. We will not be offended if you choose to stand up and stretch your legs or if you need to just step out for a moment. We've tried to plan as many breaks as possible, just to make it a little bit easier on Day 1. If our presenters happen to stand up and walk out, we might be less enthused with that but we'll hope that they can stay focused, but for you, if at any point in time you feel that the day's drawing a little bit heavily on you, feel free to stand up. That won't offend anybody.

So with that, I think we'll jump right in, if it's okay. It's a real pleasure of mine to introduce now and individual that I think many of you know. But Elton and I have been working together for - well we've been colleagues now for a couple of years, and I've had the pleasure of working with Elton now in a different role for almost a year. So with that, I'll pass it on to Elton Potts and he'll take you through Recall.

Elton Potts - *Brambles - Group President & COO*

Thanks Tom, I appreciate it. Good morning everyone. Tim, if you'll go ahead and come on up, we'll get going here. So, as Tom said, he and I have had a chance to work together for of a couple of years. I've actually been with the Brambles team, going on nine years now. I spent five years on the CHEP side, and then I've been at Recall, going on four years. So I've got a unique opportunity to see both sides of the business.

So we've got a few things that we want to share with you this morning and we walk through the agenda with you first. So I'll give you some opening comments, from there, Allison Aden who's our Chief Financial Officer, will take you through a financial overview, and this will be from a global standpoint.

I should tell you that we put a lot of value in our people having operational experience. So Allison is also responsible for Brazil. So the country of Brazil, which is the only South American country that we operate in today, reports directly to Allison.

The reason I tell you that is our segment level reporting is at the Americas level and so you'll then, after we take some questions and answers and if you can hold your questions to the Q&A sessions that are planned, I would appreciate it.

After we take some questions and get our chance for morning tea or coffee, we'll hear from Mark Wesley, who is the head of our North America business, and he'll start out talking about the Americas and then his team will dive a bit deeper into North America.

So after Mark speaks, then we'll hear from Dan McFarland, who runs the Document Management Solutions business. After that we'll meet Tim McBride, with Secure Destruction and then Dick Surdykowski will talk about the sales team and the sales efforts in North America.

At that point we'll take Q&A again and then I'll come back up and talk about our global strategy, from a profitable growth standpoint and talk about some of the trends that are in the industry as well. Then we'll close out with questions at that time.

But one other thing that I should tell you is Recall is very proud of its customers, but we're in a security business, so you will not hear us tell you the names of our customers. We have a lot of customers, and we're going to show you a couple of case studies, but we will not be disclosing names.

I want to hit three key topics, as we go through this time this morning. First and foremost, we're pleased with our financial results. As you know, our North America business has been going through a bit of a turnaround and Mark will give you an update on that progress, but I can tell you that it's a key reason why our financials have improved. Then we're going to be absolutely focused on profitable growth and I hope those are the three key messages that you take away from your time with Recall this morning.

I've included in the packet that's in front of you my organizational chart and you can see the various persons and the roles that they're in. You'll also see people that have been with the business for 14 years, or who've been with the business for a year and we've got a nice mix of folks who have a lot of experience and some new people who are bringing in some fresh thinking as well.

In late 2007, after moving over to the Recall team, we put in place a relatively simple strategic pathway, and we wanted to be focused on those things we felt were most important, for the long term success of Recall.

Now, we said the first thing that we have to do is focus on our foundation, and so we put in place an effort tied to, what we called business excellence. Now many people would call this operational excellence, but we called it business excellence because it's not something that I want just the operations people to think that they're supposed to do.

I want everyone in the business to be focused on doing things in the best possible way. We have a culture of believing in there is a best way to do everything we do. Let's find the best way, so let's share best practices. Let's focus on continuous improvement and once we have best practice, roll it out around the world, so that we're consistent.

So we believe this foundation of business excellence which uses Six Sigma and Lean methodologies as a cornerstone, is absolutely the first thing that we have to do to make our business successful in the long run.

So you'll hear us talk about business excellence today and once we have that foundation in place, then we can focus on profitable growth. Profitable growth for us is to pursue the wonderful opportunities that are in front of us, including the trends in the industry and grow our business in a profitable way.

Finally, once we have those two things in place and hitting on all cylinders, then it's time to expand the offering.

Now as you can see, from the chart here, there are dates included. So in 2007, we started down that journey for business excellence. We've now launched into the profitable growth phase of our business, and you'll hear a lot about that from Dick, and from myself as well.

Tomorrow, when we have a chance to go to the Fontana site, we'll give you a little glimpse of the future with some things we're working on in the area of expanding the offering as well.

So Recall drives its revenue from three primary service lines. 70% of our global revenue comes from document management solutions and this is helping customers with the information life cycle - the information they have in their organizations, whether it be physical or digital, and it's cradle to growth. That makes up 70% of our total revenue.

20% of our revenue comes from secure destruction services. So this is when your information - when the useful life of your information is over for your organization, you want to securely destroy it, so that it doesn't become useful information for somebody else. But this business is not just about the secure destruction of paper. We also destroy media, like hard drives and tapes and things like that, and we destroy a variety of other items like uniforms for police and airline pilots, lottery tickets - all sorts of things like that are in the Secure Destruction area as well.

Finally, Data Protection Services, which is about 10% of our revenue, this is helping companies with their disaster recovery plans, or their business continuity plans. So it's having a very safe, very secure off site storage of the back-up of their computer systems. I guess there is no better example of why you would do this, than the earthquake that just hit Christchurch, because many businesses were thrown into, are my systems okay, can I get back up and running and by having an off-site set of that back-up with us, they know that they're protected.

That makes up, as I said, 10% of our revenue.

We operate in a market that is large and is growing, and the red circle here represents the physical market and depending upon the estimate, $30 billion, $45 billion of size globally and we're going to talk later about is this piece of the market growing or shrinking? We'll come back to that. But one of the key things is all the studies that we've done and others have done, tell us that roughly two thirds of that market are unvended. In other words, our primary competitors are companies that house the information themselves, or try to manage it themselves.

Then there is today, a digital market that is exploding, as new and new solutions come online every day, and as more and more companies express an interest in moving into keeping some of their information in a digital format. So it's very tough for us to measure a market that continues to grow. But the opportunity's there are immense, and we'll talk about that a bit more in a little, once we talk about profitable growth at the end.

At this time, I'd like for Allison to talk about our financials. Allison.

Allison Aden - *Recall - CFO*

Thank you Elton. Thank you all for joining us today. My name is Allison Aden, and I'm the Chief Financial Officer for Recall. I've been with the organization for about three years and prior to that I served in senior financial roles in US public companies, with a multi national reach.

This morning I'll be discussing the very positive financial results of operations that Recall produced in Fiscal 2010. A common theme throughout Brambles is that we focus on delivering on our commitments in our controlling the controllable aspects of our business.

The three messages that I wanted to give you today in our presentation as we focus around this common theme, customer satisfaction is a core element of our business and really core to any service business. Here at Recall, we've been listening to our customers and as a result we've responded by providing services that produce a stable and resilient revenue stream for our stakeholders.

Secondarily, we have delivered on our commitment of uplifting our profitability. This year alone, as you will see, we have taken CHEPs forward to improve on our service delivery and to take costs out of our service model.

Lastly, the key point that I'd like to leave with you today - I'd like to leave with you today, is a summary of our capital expenditure for 2010 and also our plans to expand in 2011 as we make investments for the future growth of our organization.

Recall's global footprint - go back one. This is an outline of Recall's global financial results for the year and I'm very pleased to present a business that's growing very healthy and strong.

Year over year sales growth is 2% constant revenue, represents a 1% price increase. This growth is a result of a minor price increase in the DMS business and the recovery of paper prices in SDS in the second half. Additionally, the contribution from net new sales, more than offset the organic volume decline in SDS due to weaker than expected recycled paper volume. The sale pipeline, which you'll hear more about during the North America presentation today, is very strong in both the underlying document management business, as well as the emerging digital markets. Margins for Recall have continued to improve and we continue to take costs out of the business.

On a constant currency basis, statutory operating profits improved a healthy $19 million - $18 million or 19% year over year and the profit improved by 2% to 19% - by 2% to 16%. I guess it's time to put the glasses on.

This is our global footprint and here you can see that we do business in over 23 countries, and this wide global footprint allows us really to provide services to our customers, both at a regional level, but then also to provide services for our ever growing customer base that is global.

So what's reported here are the full year 10 sales results by region. You can see that today's presentation will mainly focus on the Americas. The Americas is made up of North America and Brazil and has achieved a 7%, year over year, on constant reported currency basis.

This is a slide that Elton showed you earlier in the presentation and what's important here is that all three service lines - the document service managements, the secure destruction and data protection services, really provide us with two key streams of revenue. The storage business, that being document management services solution business, and the data protection services, provide us with a recurring storage stream or an annuity stream. We also derive transaction based revenue from all three of our revenue streams.

What's key here is that both the document management solution services and the data protection are what can provide us for attractive offerings, as we continue to see privacy and labour legislation continue across the globe.

This next slide is a depiction over the last nine years of how the combination of our annuity stream and our transaction stream have grown. As you can see, Recall has been able to perform a 10% growth CAGR over the last nine years - 8% CAGR over the last nine years and a 10% from our annuities stream and 7% from the transaction based stream.

What's important here to note is that the annuities stream continues to grow at an ever increasing rate and basically provides the foundation for the future of the business and the organization. On top of that, we add a very strong and - a very strong base of transactions that go through all of our service organization.

This slide really depicts profitability and cash flow and what it shows here is that we've had very tight fiscal controls over the organisation during the last three years. Due to these very disciplined tight fiscal controls, our cash throughput from our operations, from our underlying profit has really dropped through to the bottom line. This is a sign of a very, very healthy organisation and we look forward to seeing this kind of performance in the future.

I do want to make a note here that as Brambles discussed during their August press release, we will be making some additional capital investments in FY11 to help fuel the business for future growth.

This briefly outlines our diversified client base. Our top 10 clients produce 14% of our total revenue. So, while we are heavily focused on the financial services industry, we also service a wide variety of industries, such as insurance, retail, manufacturing, and government. So this gives us really, a nice platform to weather the storms that come through the economic tides and also to build upon cross synergies across clients that have a global presence.

Now let me switch real quick to the key metrics, or the key components really of our business. When we look at our business, these are the major components of what it takes to really drive our underlying sales growth. If you look at these, let's really formulate it into three sections.

We have our direct labour, our transportation, our service supplies, so that's really our service delivery. That's the cost to our business to deliver our quality service to our clients.

Secondarily, we have the costs of our facilities, which is our property lease and depreciation, and as we continue to grow in our organisation, monitoring this component of our organisation becomes ever more critical.

The last element here, the other operating expenses, that's really what drives - what stands behind the revenue generation of our business and helps drive it forward, along with the general and administrative support of the back office.

How do we control these expenses and how do we continue to drive our profitable underlying growth, that's key. We've been successful this year and what we want to do, and will be able to do, is through a metrics based, very costs focused approach, continue to deliver year over year growth not only in the revenue, but also in the underlying profit.

So we're going to take a few minutes and go through how we look at these costs and how we see actually us being able to add value to the business on a go forward basis.

So the first - sales revenue. When we look at the sale revenue, so the sales stream has come from the top services that we've already talked about, one of the ways that we really look at this, is revenue per sales employee.

What do we mean by that? Well what we mean is that for all of our employees, that either directly go out and touch the client, or provide some sort of client support, if we're able to bring in more revenue and through efficiencies in training, really become more efficient in this area, we will by definition drive down that cost.

You can see here that we've been able to bring in, on a consistent basis over four years now, improvements in this area, meaning that we can deliver more sales revenue to a bottom line, through the use of less people actually have to touch the back office client support and through more efficient sales effort.

Direct labour - a key to any service business is of course the direct labour. What we do at a very detailed level through again a metrics based approach, at an IC level and at all the secure destruction level, is we continue through Six Sigma approach, so we continually focus on a portion of the service delivery to drive costs that are in the system to be able to better respond to customer needs and it has been successful.

One of the key elements of the costs of our business, you can see that we've been successful year over year driving the costs down and this will continue. This will continue with our service base and our metrics based focus.

Transportation - another key component. Logistics, and what you'll hear about later today is one of the ways - actually a couple of the ways that we focus on taking costs out of the transportation portion of our business. So when we look at our routing, optimising our routing capabilities, obviously one way to take costs out since the majority of the transportation cost is fuel and vehicles. Also route density.

We're varying our Secure Destruction Services portion of the presentation today how we continue to work on improving our route density and therefore driving down, on an even scale basis our transportation cost.

Service supply is our key component of our business. There a kind of part of the engine that keeps the service delivery model going. We look at these on a daily basis at each of the regional locations and even further down at the IFC level. So each IC manager, when they come in every day, they have a report on their desk that says, have I - how am I utilising my service supplier costs vis-a-vis for the project revenue that I'm seeing on a regular basis. Is it time to take cost out? Is the revenue stream still coming? Are the two matched? And you can see here with this downwards slope, that's exactly what you'd expect. Not a huge spike up or down, but a slow gradual improvement as the metrics really take seat in the organisation.

Property Leases - a very key component of our business is to be able to monitor the size and growth of our facilities. For those of you that are familiar with our business, we need to be ahead of the intakes that we're going to receive from our client growth. So we monitor our pipeline. The sales team works very closely with the operations team, and we make sure that when it's time to have a large client intake, that there's racking space available.

There's a cost to that racking space. There's a cost to expanding the facilities and what we need to do is find that very sweet spot, in which we're ready to receive the client intakes and therefore the revenue stream begins, versus expending the money to build out the facility. So where we target the sweet spot that I talked about - we're talking about, is between 90% to 95% of rack capacity. As you can see by this chart, during the last four years, we've actually been able to hit that sweet spot.

You'll hear more about the capacity planning process that's so critical to the business, more when Dan does his presentation.

Depreciation and amortisation - there's an investment that we make in our business. I talked about the racking. There's also the build out associated with security and state of the art safety that we have in all of our facilities. So over time, as we make the investments, you will see this begin to leverage itself as we increase our facilities. But this will always be a component of our business.

The other operating expenses - here again, this represents the sales team, the accounting team, the back operations team that really drive the frontline growth. So what we want to do here is really continue to take costs out of this portion of the business, so that we can place and fund it in other portions of the business that will go directly toward generating revenue, such as the sales training, such as marketing, such as IT infrastructure. So we make prudent investments that keep time and rhythm with the savings that we're taking out of other portions of the business.

So a good result here is very much a steady state of how this support team trails with the revenue growth that we see.

Working capital management - we're particularly proud of some of the efforts that we've made in the fiscal side of the house, where we've now gone over the course of several years here on a very even keeled paced business, to improve the working capital or the fiscal controls of the business.

One of the things that we've been particularly successful at, is using our Six Sigma and our Lean Team as internal to go region by region to really improve our days sales outstanding. As you know in any service organisation, that's a key powerful tool to be enabled to improve your working capital.

So this has been a very steady pace of improvement.

Capital expenditure management - this represents the key components that we invest in as an organisation. As one would expect, a large component of our investment is in our facilities, in our racking, in our security - the things that really drive our business and provide the service that our customers are looking for. These facilities, and you're about ready to see one of our facilities - Fontana tomorrow - you'll see the state of the art - you'll go into the facility, you'll see the compelling nature of these facilities that we create. Once we get our customers - our prospective customers in there and they see the value proposition that they have, it's fairly straight forward process to get their cartons in the door.

What we've been able to do on a consistent basis is really monitor through both our investment in capital expansion and our investment in IT Technology, both of which directly relate to customer growth, within a bound of between 8% and 10%.

We would expect that to continue with the exception of next year, we are making an investment to help grow the business - a step change investment, and I believe that Brambles mentioned this during their call. We estimate right now that we will be putting about $40 million of additional capital expenditure into the business.

A good portion of that will go to improving our IT infrastructure, both to provide things like customer reporting to provide a greater website for our customers to be able to enter into our portal, to enhance additional functionality to provide for platforms for the future growth of the organisation.

So in summary, we call it a very, very positive year. We saw healthy revenue growth. We saw significant improvement in the profitability. We are very, very optimistic about our future and we look forward to seeing you all in the future and reporting on our even better results.

Thank you.

At this time would you like to join me for questions?

Elton Potts - ***Brambles - Group President & COO***

We'd be happy to take any questions at this time that you may have. Realising that we'll dig deeper into the operations in just a minute.

Hold on one second, have we got microphones?

QUESTION AND ANSWER

Simon Mitchell - ***UBS - Analyst***

Simon Mitchell from UBS. You just talked a lot about the metrics in terms of the cost lines; can you give us some idea of how much more there is to go. How you think about yourselves benchmarking against competitors, for example, on margin?

Elton Potts - ***Brambles - Group President & COO***

I'm not sure I understood the question, so how much more there is to go from a metrics cost take-out? Okay.

What was the other part?

Simon Mitchell - ***UBS - Analyst***

Just how you think about your cost performance versus competitors - how you benchmark? How do you set yourselves a target on costs?

Elton Potts - ***Brambles - Group President & COO***

So, all of our competitors have a little bit different mix of business. So, and some of them don't report publically as well, or as much granularity as we do. So it makes it a bit more challenging to look at that in great detail.

We try to, as close as we can, see where we compare and where we do not. The approach that we take, is using Six Sigma and Lean together, we take a continuous improvement approach. So every year, we set an internal target that says, we want to now further reduce our costs as a per cent of our revenue by x amount. We take that approach every year.

We have a team of black belts and green belts do out the business, and that's one of their key roles. One of the neat things that we're doing this year with that team, is we're now getting them to spend part of their time doing customer - joint projects with customers. So where their focus was largely on just cost, or cost in service, now it's how can we do a joint project with a customer that helps them reduce their cost as well?

Simon Mitchell - ***UBS - Analyst***

So are there any targets that you set yourself or cost outs?

Elton Potts - ***Brambles - Group President & COO***

We set a target every year and we set a consistent number and we continue as a per cent of revenue we continue to plug away at that.

Next question. In the back.

Kevin O'Connor - ***Merrill Lynch - Analyst***

Thanks. Kevin O'Connor from Merrill Lynch. Actually I can call us Merrill Lynch, even though Bank of America here apparently. Racking capacity utilisation, you talk about it. Can you tell us what utilisation is, or what it was, or how much more you're going to get out of it?

Elton Potts - ***Brambles - Group President & COO***

Sorry, I think Allison on the chart showed that the sweet spot's between 90% and 95%.

Allison Aden - ***Recall - CFO***

Of our racking capacity.

Elton Potts - ***Brambles - Group President & COO***

Of our rack capacity and we tend to stay in that range. Once you go beyond that 95%, it becomes much more of an operational challenge and your perfection for me, is that Dan would fill up the facility with the last carton, and immediately have space for the next one, but he's a little bit slower than that. He has plan ahead for racking and space and that sort of thing. So we find that that 90% to 95% range is the sweet spot.

Allison Aden - ***Recall - CFO***

And you will see in Dan's presentation in which, for any particular building, there's a staged racking approach. So that at any one point in time, we're on the leading edge of that, so that when we hit that sweet spot, then we know it's time to go install additional racking, allowing the building itself storage capacity to grow.

Kevin O'Connor - ***Merrill Lynch - Analyst***

And a financial question on working capital. You got a pretty good improvement in Fiscal 10 and a reasonable improvement in Fiscal 09; what are you expecting in terms of Fiscal 11 and 12 - are the metrics sustainable, are you going to be able to get further gains?

Allison Aden - ***Recall - CFO***

Well, in the same vein of us setting our targets for our growth margin and our profitability each year, we do set a working capital target, and we do believe that through continued improvements in our fiscal controls, we should be able to see improvement on that line. Taking mind of account that we will be doing, as we mentioned, some additional capital expenditures to grow the business.

So you may see a little bit of fluctuation, but the trend overall, if you would stand back, will have that nice downward slope.

Kevin O'Connor - ***Merrill Lynch - Analyst***

Okay. Thank you.

Elton Potts - ***Brambles - Group President & COO***

Any other questions at this time? Over here Tommy.

David Skinner - ***Barclays Capital - Analyst***

David Skinner from Barclays Capital. You've gone over an impressive array of cost management metrics; intuitively there must be a tipping point at which you take so much cost out that you begin to impact on quality. How do you manage that risk and how do you look at that?

Allison Aden - ***Recall - CFO***

One of our approaches to your point is well you can always, in any service business, like retail, continue to drive costs that are the key components of the service delivery. You're right, you do need to make an investment and then investment can be in capital expenditures, in capital expansion and in our case, investment's going to be in IT technology. So the things that are down manually now will be automated. Some of the reporting that's done manually now will be automated, to provide better ways for management to look inside the business and also for us to provide better service to our clients.

So we'll replace some of the manual work with some of the automated design that's to come. So that's the way to continue to fuel the efficiencies. Through Six Sigma, there is a vast array of different projects that are going on at any one point in time in all of our regions that continue to share best practices and to drive more cost out of the business.

Tom Gorman - ***Brambles - CEO***

Allison, if I can add to that, a couple of the checks and balances that we use to make sure that we don't go too far, because we are a service business first and foremost, and we cannot forget that part. We have what we call a perfect order measurement, and we measure the service with each and every customer, every day, and we measure it across the year, and we can, in our quarterly business reviews, with those customers, tell them how we've performed against our service level agreements with them.

So, if we were to go too far, in taking out cost, you'd see those service levels dip, or you'd see other issues from a customer standpoint. So that's something that we monitor closely. So I think that - I think we have some pretty good safeguards there.

The other thing that we do is we continue to add innovation into our process, to make the process more lean and more efficient, without jeopardising the customer at the same time.

Cameron McDonald - ***Deutsche Bank - Analyst***

Hi, Cameron McDonald from Deutsche. Just two questions. You've mentioned the physical market was between I think between $35 billion to $45 billion, then you've given us a slide on how quickly your revenues have grown over that eight to ten year period. Can you give us a sense of how quickly the market's actually grown over that same time period as well?

The second question relates to the cash conversion. The last three years have been over 100% conversion or around that 100% conversion. Is that one of the reasons that you now have to invest more in the business, because is that indicative that it hasn't had the level of investment that supports the growth, to required going forward, and how should we think about that cash conversion percentage, going forward on almost a through the cycle view?

Elton Potts - ***Brambles - Group President & COO***

Allison, if you don't mind, I want to come in on that first and then you can come along and correct me after I'm done. Okay?

So, I want to take the second part of that first. We have consistently invested between 8% and 10% of revenue, every year back into capital and that is fairly consistent with those nine year growth percentages that Allison showed from a annual growth rate - compound annual growth rate sorry.

So I think that we've been investing appropriately from that standpoint. One of the big things that's going on now, is we decided, and we didn't decide overnight; we took the time and did the research and the analysis to make sure that when we make an investment in our infrastructure, that we do it in a very thoughtful way. We do it once, we do it right.

So, Jason Molfetas, our Chief Information Officer, embarked upon a project, probably 18 months ago to understand where we are, what we have and what we need to go do. So he's put in place, a multi year plan that says here's what we're going to do. These are the areas that we're going to do it in and here are the pieces that we take first. So we see that as a very thoughtful project, not as a, we didn't invest in the past.

Cameron McDonald - ***Deutsche Bank - Analyst***

So going forward we should expect to see acceleration of revenue growth, off the back of that investment?

Elton Potts - ***Brambles - Group President & COO***

Well that's an investment in infrastructure in IT systems and Tom and I had the conversation that says, well if you invest in IT, does that always turn directly into revenue growth and that's an interesting connection.

Cameron McDonald - ***Deutsche Bank - Analyst***

Well profit growth then?

Elton Potts - ***Brambles - Group President & COO***

I think that clearly we don't make the investment unless there is a good reason to do it and I think that revenue growth will come from making the sales team more efficient, with better systems, but it'll come even more so from some of the things that Dick will talk about later on.

From the other question. I'm sorry, did I miss anything there?

Allison Aden - ***Recall - CFO***

No, you got it all.

Elton Potts - ***Brambles - Group President & COO***

Anything to clean up?

Allison Aden - ***Recall - CFO***

No, you did perfect.

Elton Potts - ***Brambles - Group President & COO***

Wonderful. Thank you. They're recording that you know.

Then from the size of the market standpoint, there have not been in my opinion, over the last eight or nine years, a consistent market measurement that's been done. There's been two or three different studies that have gone out and said well we think it's $30 billion, or we think it's $45 billion or $44 billion. There hasn't been any consistent measurements by the same party every year, or every couple of years that said the market has changed in this way.

We will talk a little bit later on about the future of paper, which I think has something to do with that physical market size, and I think that the digital space, is evolving in a couple of unique ways, and we'll talk about this as well. So that makes that market, tougher to measure, because part of it is what do you include, and what do you not include.

So I really can't give you a good answer on what's happening with the size of the market.

20am now; we'll be back at 09:35am. Thank you.

PRESENTATION

Elton Potts - ***Brambles - Group President & COO***

Alright, thank you all very much. At this time we'll start to dive into the Americas within Recall and I'd like to ask Mark Wesley to come up at this time.

Mark Wesley - ***Recall - President North America***

Thanks Elton. Good morning everyone. My name's Mark Wesley. I'm the president of Recall North America.

Just to tell you a little bit about myself before I get started, I've been with Recall for almost nine years now. I originally came in to the Recall business as the General Manager of the Document Management Solutions business across North America. I was in that role for a few years before moving into a role as Vice President of Operations, for all the service lines across North America and then I was asked to move over to Sydney Australia, in 2006 to run the ANZ business, and I had the privilege of running that business for a couple of years. For some reason, which I'm still questioning today, we decided to move back from Sydney to Atlanta and I've been in my role today, as President of the North America business for about 18 months now.

So I have the privilege today of leading the North American business and the team that you're going to hear from this morning. Prior to Recall, I was a logistics officer in the US Marine Corps, for about five years. I was a supply chain consultant with AT Carney and served in various sales and marketing management roles with the Coca Cola Company, prior to joining Recall.

So key messages that I'd like you to take away this morning from my presentation. First of all, we work in a very dynamic market. What do I mean by that? The information that our customers are producing today is exploding, as Elton mentioned earlier, both digital and physical information and our customers are overwhelmed - if I could describe their state of mind right now with what to do with all this information.

At the same time the information is exploding, the regulations that they're required to adhere to are also growing. At the same time the regulations are increasing, they are facing more and more pressure to reduce their cost structure as a result of the Global Financial Crisis.

So that puts Recall in a great position. The customer - because customers look to us to be experts in helping them more securely manage their information in compliance with the regulations and also to more efficiently and cost effectively manage their information. So it puts Recall in a great place right now.

Second key message I'd like you to walk away with, is that we have executed a successful turnaround in the North American business, over the past year. You'll see from the financial results, we did have a great year, last year. However, I think more importantly, what I'm most proud of, is that we have put together - put in place a foundation for the future growth of the business in a sustainable way.

So our goal's not to have one good year - we did have a good year, that's great. But our goal is to have a great year, year after year, and to continue to grow the business and Dick Surdykowski's going to talk to you about the house of growth, as he calls it, that we've built - in particular in our sale and marketing organisation, to provide us with sustainable growth, year over year. Our goal, as Dick and I refer to it, we want to create a sale engine - a revenue growth engine that produces every year.

The third message I'd like you to walk away with, speaking of sales and growth, is that we're now focused on accelerating our profitable growth. So we're focused very squarely on growth. We spent the past couple of years, as Elton showed you, focused on business excellence and getting the foundation in place, taking cost out of the system using Six Sigma, getting our security and facilities up to our standards, and now we're turning our focus to more on sales and marketing and growing the business in a profitable way.

Let me tell you a little bit about the Recall Americas business. We operate in four countries - Brazil, Canada, Mexico and the US. We have about 150 facilities and about 2400 employees across those geographies. An interesting thing I would like to point out - if you look in Brazil, and in the US and in Canada, in particular, we have a great national footprint across those countries. In Mexico, we're in Mexico City today.

I was speaking with someone last night when I first joined Recall, about nine years ago, for the first few years, the biggest obstacle that we had to overcome on the sales side, was the fact that we did not have a true national footprint, in the US in particular. Through acquisitions, through growing with our customers, that is no longer an obstacle and we are able to compete for national accounts and global accounts, because we have the footprint to be able to service those types of large customers and we are competing and winning those types of agreements today that we weren't able to do, six, seven, eight years ago.

So what does Recall do? Elton spoke a little bit about this. In summary, we assist our customers in securely and efficiently managing their information throughout its lifecycle. So from the creation of information, through the usage of that information, through the retention of that information, and ultimately the destruction of that information, we provide services to assist them in managing that information.

We do that through three core service lines. I'll go into a little more detail on these on the upcoming slides.

The first of those is our Document Management Solutions Service, secondly our Secure Destruction Service and thirdly our Data Protection Services Division.

Document Management Solutions - we think about Document Management Solutions really in two parts. The first part would be the physical business. So this is the business where we index, store and retrieve our customers' physical information - their documents, their files, their boxes - or as we call them, their cartons - we index, store and retrieve those items under this service line on the physical portion of the business.

The second part of this business is our digital business. We break the digital business today into two parts. The first part of that business is taking physical documents, converting those to digital images, giving our clients access to those images, over the web. In some cases, we'll capture data when we scan those images and provide that data back to our customers to feed into their operating systems.

The second part of our digital business is we assist our customers in automating their manual paper based processes. So we'll take a paper based process today, we have consultants who will go in and work with our clients on how they can digitise that process and take waste out of their system. So everything from accounts payable processes, accounts receivable processes, insurance claims processes, mortgage processes, HR processes, contract processes, et cetera. We'll go in and work with our clients on how to automate those processes and help them be more efficient in our digital business.

As you can see, our Document Management Solutions business is a very active business. Over 65,000 activities every day, across Recall Americas. Over 4500 work orders that we'll execute today for our clients and we RFID tag about 11,000 cartons of information every day, and we're the only one in the industry that is providing that service to our clients and we have found it to be a key differentiator - one of the key differentiators from our competitors today also.

We also capture about 150,000 images today through our digital business.

Secure Destruction business - the end of the life cycle of information, where we destroy information securely for our clients. We break this business really into two parts also. The first part is the destruction of cartons, files, documents that have been stored in our information centres. So we'll take the information our clients will give us the approval to destroy information, we'll pull the information down from our information centres, transport it securely to our destruction centres, where it's then destroyed on our clients behalf and they receive a certificate of destruction.

The second part of the business is our bin service, where we'll place secure bins, like the one you see in the back of the room, and containers in our customers' locations and many of you, I know in Australia, are customers of ours today, in this business over there. We'll place the bins on site at your location, you place your secure documents in the bins, we come and service those bins on a periodic basis, bring the bins back to our facilities, shred the paper securely, bale the paper and then sell the paper - recycle the paper.

So this service line really has two key value propositions for our clients. The first is security, which is critical and the most important value proposition we provide to them. But the second is it has a green value proposition. It's also very good for the environment, because everything we shred is recycled. Once again a very active service line, 21,000 bins serviced every day across Recall America, 7200 activities and 460 tonnes of paper shredded and recycled every day.

Data protection services - our customers back up their servers on a periodic basis - some daily, some weekly, some monthly, but back up their servers on tapes. We come and pick up those tapes, we store them for them, off site in disaster approved vaults and then in case a disaster occurs, we can provide those tapes back to them, to get their systems up and running again quickly. That's the core part of that service.

Another thing we do in this service line that's interesting is our customers are constantly executing disaster recovery tests, and we participate in those tests. So we get calls in the middle of the night, over the weekend, where they'll be acting like there's a real disaster that's occurred and we'll provide the service to them to take the tapes somewhere and then back up those tapes, put them into their servers and get their systems up and running again.

An extremely active service line, 43,000 activities every day across the Americas, handling over 21,000 physical media assets, and like I said, supporting those disaster recovery tasks.

Let me talk for a minute about the competition, across North America. The competition really varies by service line. So, when you think about Document Management Solutions, our core business, and Data Protection Services, we essentially have one competitor, and that's Iron Mountain.

Then when you think about shredding, the competitive landscape increases a little bit, Iron Mountain offers that service, as well as Cintas, Shred-it and a variety of Mum and Pops and independent companies. So how do we compete with those organisations?

Iron Mountain is a primary competitor that offers all the service lines just like Recall does. The way we compete with Iron Mountain, we compete with them through service and offering an enhanced and better level of service than what they provide today to their clients.

We compete with them by being flexible with our clients, by listening to our clients and providing solutions to our clients and not taking them for granted. We compete with them through our security and facility standards that we have in place.

Finally, we compete with them by - through innovation and RFID technology is a great example of something that we've brought to the industry that they do not have today. That's one example of innovation we've brought to be able to compete with them.

So service, innovation, flexibility and facility and security standards are the primary ways that we compete with Iron Mountain.

Cintas - 80% of their business is 80% plus is just shredding. The way we compete with them is we offer a full suite of services to our clients. That's one primary way we compete with them. Cintas is also a uniform company. That's their primary business in the US - in their US based company, and all their business is in the US. But primarily they're a uniform company. We're an information management company. That is our expertise. That's what we do.

So we find that we can compete with them through, once again, service through our security standards and sophistication that we have in running this business for a long period of time. We find that they tend to compete more on price than on value that we offer, in terms of security.

How do we compete with Shred-it? Shred-it is a franchise model. It's a mix of company owned stores and franchised stores, so when we talk to our national customers, they have difficulty servicing our national customers. The second way we compete with them is through our full suite of services, which they don't offer today across North America.

Competing with the local Mum and Pops, the traditional ways of competing with smaller companies, we offer financial stability, enhanced technology, more sophistication in the program we offer, et cetera.

So I just showed you a little bit about how we compete with these various entities.

A little bit more about Americas once again, operate in four countries that I talked about earlier. We did have a great year financially last year. In constant currency we grew by 4% on the top line, in revenue, and we grew our profit by about 30%. So we had a great year financially across the business.

We did benefit from some financial institutions and the consolidation that occurred as a result of the Global Financial Crisis and some projects that occurred as a result of that consolidation last year and we did make great use of Six Sigma and Lean technologies to become as efficient as possible in the business. As Elton mentioned, our culture is one of continuous improvement and continually driving and finding new ways of doing things more efficiently than the way we do them today.

Our Document Management Solutions business, which is our core business, grew by 11%, so we had a great year in that business line. That does show you though, that in Secure Destruction Services and the Data Protection Services, we need to improve. Dick Surdykowski's going to talk to you about some plans that we have in place for doing that.

Allison showed you this slide at a global level, at the Americas level, over the past eight years; we've grown revenue at a CAGR of 6%. The retention - annuity business has grown at a CAGR of about 7%, while the transaction portion of the business has grown at 5%.

This is the more profitable part of our business, so seeing the higher CAGR there is a good thing.

One thing that's interesting to point out here is you can see the transactional portion of our business has flattened out really over the past three years, and that's really directly correlated to the Global Financial Crisis. The less activities that are going on - transactions that are going on - where there are mortgages or whatever transactions, the less paper there is and we have seen an impact from that.

That's practice sharing. One of the great things about being part of company like Recall, is that we are truly a global company. We operate as a global company, we're in over 23 countries and we are constantly sharing best practices with each other. We also move people around the globe, which is a great thing and I did, as I mentioned, have the privilege of moving to Australia and running that business for a couple of years.

So with that I'll just briefly talk about some of things I brought back from Australia that we're trying to bring to the North American business. First of all, one of the things I learned is that tenure and experience matter. Well it sounds pretty basic, but we have a group over in Australia, of employees, that have been with the organisation a long time. The business started there, it was founded there, and we have people 15, 20 plus years experience and I learned the value of those kinds of people. That's the kind of organisation we're trying to build in North America. So we're trying to find great talent and make sure they're motivated and stay with Recall for the long term.

Second thing I learned is the value of Six Sigma and Lean. We used Six Sigma and Lean extensively in Australia to drive the financial performance of that business during my two years there and had a lot success doing that and we've done that over the past 18 months also in North America as you've seen.

Thirdly, expertise accelerates how we can add value - our ability to add value added services to our clients. So if you can truly become a value added partner to your client and truly assist them, in managing their records and their information, and have expertise to help them, they look to you to provide other services and they ask you to provide new services that you're not providing today.

Another point, a strong culture can impact results. We have a group in Australia, it's a proud group, and it's a proud team. They have a bit of - I like to call it swagger - about them and some of that comes from the success they've had over the years from being the market leader et cetera, and that's the kind of culture we're attempting to build in North America. We want a proud group of employees, a proud group - a proud management team that has fun together, that is working together in a common goal to be the best - to be the best in our industry and emerge as the leader in our industry in North America.

The last point, leadership can lead to complacency. I've had the chance to work in North America, where we're the number 2 player, and in Australia where we're the clear number one player, and while being a market leader has a lot of advantages, it can also lead to complacency, if you're not careful, and you have to consciously make sure that you're keeping your sales force and your organisation hungry. That works to our advantage I think in North America, because we have the opportunity to be more nimble, more flexible, listen to our customers better, not take them for granted and respond to them, and earn market share by doing that.

When I took over the North American business 18 months ago, one of the first things that we did was change our organisational structure. I'm not a believer that the first thing you do when you come into a business is structure. I did not do that when I came into the ANZ business.

So the North American business previously was organised by geography. So we had a local general manager for example in Las Angeles where we are, who managed both sales and operations across all of our service lines. What it led to was we were pretty good at everything, but not really good at anything.

So one of the things we did was wee decided to break apart that general manager structure and set up a separate sales organisation and we brought in a sales leadership team with a lot of experience and expertise in sales. We brought in standard processes, standard training, and standard metrics within our sales organisation and built a true sales and growth culture. Dick's going to talk to you a lot about that.

We took our operations group and we broke them apart by service line to get expertise within Secure Destruction Services, for example, that we didn't have before to share best practices across our markets, to share metrics across our markets et cetera.

So really the new organisational structure was designed to give us more functional expertise within sales and operations and more service line expertise across our service lines that we offer today.

This just shows you the org structure we had in place previously and we did flatten out that structure and go to a structure where we do have a separate sales organisation in the operations team, divided by service line. I think everyone would tell you in the organisation, the structure is working today. We're one North American team. We're not operating in different silos based on geography and interestingly enough, this is a much more efficient structure than what we had before, so we flattened the structure and got better, in my opinion.

So as I mentioned, we did have a good year financially, in FY10. I'm also proud of our safety record, which improved dramatically from FY09 to FY10. As I spoke about earlier, we do have a culture of continuous improvement, that's embedded in the organisation - meaning the Six Sigma program and we do have a new sales force that's in place and a new organisational structure that's getting traction.

The keys to success, moving forward in the future, improved customer experience - kind of a basic thing, but my opinion, if you have satisfied customers, you're going to grow your business, as long as you're in the right markets. Sounds simple, but if you have satisfied customers, they're going to look to you to buy more services from you, which we have today in our portfolio services. We can bring new services to our clients. So the more satisfied they are, the more services they're going to buy from you.

They're also going to refer you to other companies. So we're focussed squarely, and Dick's going to talk more about this in his presentation, on improving our customer experience. We do measure customer satisfaction, every year, and we're fortunate to have good customer satisfaction scores. But we can do better in some areas and Dick's going to talk to you about how we're going to do that.

We're going to continue to leverage best practices across Recall globally. We have some services that are offered today globally that we're not providing in North America and we're going to be rolling those out over the next couple of years.

We're going to continue to differentiate from our competition, based on some of the things that I mentioned to you earlier, as well as security and efficiency.

We're going to continue to be a leader in the information management industry, and we're also in the process of reinventing our Secure Destruction Services Business. I'm very excited about the way we're changing that business and Tim McBride's going to take you through some of the things we're doing to change that business.

Finally, we're going to seize the opportunities that are available today in the digital area, and Elton's going to take you through some of the things that we're doing in that business also.

THOMSON REUTERS

So to summarise our strategic path, we've spent the past couple of years focused squarely on business excellence - metrics, Six Sigma, right org structure, getting the right people in place. Now really this year, we're beginning to shift our focus more to profitable growth - to building a world class account management team, to cross selling into all of our customers to improving our customer experience. In the future we'll begin to focus on expanding the offering and looking at new services that we can provide to our clients.

So thank you very much for your time and now I'd like to introduce Dan McFarland to you.

Dan McFarland *- Recall - VP and GM Document Management Solutions North America*

Thanks Mark. Appreciate it.

My name is Dan McFarland and it's my privilege to lead the Document Management Solution Business for Recall North America. I thought it would be beneficial just to go over a little bit of history. I have been with Recall just over eight years. I joined the organisation in the Finance Group. I then migrated over to operations and I was asked to basically start an Operational Support Group for Recall - kind of a shared service. So I oversaw everything from infrastructure of the business, fleet, logistics, quality, procurement. Then once that Group was up and running and stable I then moved into a General Manager role. At that point I oversaw all service lines for the business, including sales and account management and then most recently moved into the Vice President and General Manager role for the Document Management Business.

I'll even take a step before that and prior to Recall I worked at Delta Airlines - no jokes, if you travelled air - but I was in the Investor Relations Group and Corporate Development. Then prior to that - people always ask why is a finance guy running operations for a business, but I did run Retail Operations for BP Amoco for their company-owned stores.

So I really appreciate the opportunity to be able to present the Document Management Business to you. I think it's a great business for several reasons. First of all, as you can see, the Document Management Business represents over 50% of the revenue for Recall North America. So it's a substantial piece of the overall business.

The other piece that I look at in regards to document management is that Elton said earlier we've got a huge untapped market. You've got nearly two-thirds of the marketplace that is un-vended, so we have a lot of potential, upward potential for growing this business.

Then lastly what I look at is a strong historical performance within the business. We have been growing this business for a while now. But the thing that people keep asking us is, is paper going away? Is paper obsolete? This really stemmed from an article that came out of Business Week back in 1975 and there was this office of the future and really that's where this myth started coming from. That and some subsequent articles talked about paper going away around 1990 and everything would be digital.

So we know that this obviously didn't happen. Does anybody have a printout of the presentation today? Yes. Good. Alright. So when you look at that - does anybody not have a laptop computer? Now everybody has got one and they can print freely. I think we have one guy in the back who doesn't have a laptop, but you can print this paper and really what's happened is - with laptops out there and printers, it's pretty cost effective to use printed paper as a way of knowledge sharing, presentations, whatever it might be. If you look in the business world, the average worker out there utilises about 10,000 sheets of paper on an annual basis. So what we're saying is that paper growth is continuing.

Then also the advent of obviously legislation - Sarbanes-Oxley, HIPAA compliance - all of these require additional paperwork. So I will give you a brief example. HIPAA compliance within the US - a law was created that basically says a physician or a hospital needs to effectively manage the security and the privacy of a patient's information. But what do they have to do? By law, if I'm a patient and I go to a doctor's office, I have to sign a piece of paper that basically says that I acknowledge that you told me what you're going to do with my information. So it's just another avenue for creating additional paper.

I mean you're all going to go back to your offices eventually and the only thing you have to do is really just go in the office, look in your recycle bin and see if there's paper in there and that's going to prove to you that paper is continuing to grow. And if it's empty, that means that Tim and his Group probably just came and serviced the bin and shredded it, so just come back and check in a couple of hours and I'm sure it will fill right back up.

But as I said when I opened up, the Document Management Business has proven that it has strong year-over-year growth, both from a revenue perspective and from a carton growth perspective. As you can see here a compounded annual growth rate of 8% for the revenue piece and 9% on the carton piece.

Really the beauty of this business is that it's an annuity based business. You get a customer, they take their cartons, they bring them over to you or we'll pick them up and we'll put them in storage, safely securely and efficiently, and as they conduct their business they continue to throw off paper and they continue to store it with us, so we have this wonderful base of business with predictable organic growth from them. So it's a beautiful business model.

But, as Alison mentioned, we have this opportunity. It's just not about taking cartons and throwing them into buildings. We have to manage the capacity effectively. So what I thought I would do is take you through how we manage capacity in Recall North America.

We have a Capacity Planning Manager who oversees this process and on a monthly basis we basically go through these steps. The first step is really understanding how many cartons we have - basic building block of how you manage capacity, know what you have - then we look at the building capacity within our footprint and we look at the rack capacity in our footprint. So we know how much available capacity we have to put cartons on shelves and in our buildings.

Once we have that reporting then we work with Dick and his team. Now Dick has a pipeline of customers and based on some conversion rates we can predict where we're going to need, where we're going to have close in one business and where we're going to need additional capacity. This coupled with the organic growth that we naturally have - as I talked about earlier - really tells us how much capacity we need.

The next piece of this is really looking at the infrastructure planning framework. So it's just not about the organic growth and about new sales, but also as you're adding capacity what you want to do is be opportunistic and if you have the opportunity to consolidate facilities, maybe drive additional cost savings in a specific market, you want to take that opportunity during this process to do so.

When you couple all of that information and you put it through our capacity planning tool it basically predicts how much additional capacity we'll need from a volume perspective and a timing perspective.

Now this next slide is just an illustrative example of what the capacity planning model puts out. But as you can see, the blue bar here represents rack capacity and the red bar represents building capacity. I have selected a couple of different examples in looking at different facilities in a different level of their maturity.

So the first one I would say is kind of like a mid-mature type facility. What you can see is we have got about three-quarters of rack capacity and we still have the ability to expand and build additional capacity or the next phase of racking within that building. But as you can see that building is going to be filled up in about two years, so we need to start planning to make sure that we can expand in that facility or take on new capacity in that marketplace.

Example B really shows a market in its infancy and the reason I say that, as you can see there's plenty of building growth - building capacity - but we have just a little bit of rack capacity. So we put in enough racking to accommodate our customers and for growth, but then we'll continue to add phases or pods of racking within that building.

This is the other area where I work with Dick and his team, because what we can do is flex the sales staff and where we have additional capacity we can target people to go sell in those markets and fill up that capacity quicker.

The last example really shows a more mature market. What you can see is we have a building that is completely racked out and it's going to be filled up, that we predict, in about two years and so we should already be planning to add additional capacity in that marketplace.

As you can see we've been pretty successful. We have been able to expand either from a rack capacity perspective or a building perspective in 31 different cities across North America. I have highlighted four cities in green and the reason I did that is because these are markets where we had no presence, we worked with our customers, they pulled us into these markets and we basically added a new facility in each one of those cities to help accommodate and grow with our customers.

So now I have got this building. I've got racking in it. But as Elton said earlier, it's really about making sure we have the foundation of business excellence. One of the building blocks in addition to Six Sigma is our global standards and tomorrow when you go to our Fontana site you will really have the ability to see all of this live and in action. But I did want to highlight two of the standards that we have here - one of them is access control. So when you go into your building when you get back to your office, do you have a key card maybe that you go into your building with? Swipe it and you walk in the door. So what happens if somebody gets your key card? Can they get in the building? Yes.

So what you will see in Fontana tomorrow is we have upgraded to biometrics. So in order for somebody to get into our building they have to put their hand under a reader and it's a vascular scan, so it's reading an imprint of the person's veins. So we get personal authentification of that person actually walking into our facility versus a key card where anybody could walk in if they get their hands on it.

The other one I wanted to highlight is really about fire prevention and suppression. It's really focused on fire prevention. Within our facilities we have a system called VESDA - or Very Early Smoke Detection Apparatus - and what this system does - it's tubing that goes through our facility with monitors and it's sniffing samples of air and what it's looking for is particles of smoke or pre-combustion material that basically alerts us, that says, we want to capture something before any type of major incident actually breaks out. So it gives us an early warning of something that could potentially happen and we can go and address it.

But obviously investments like this are great for our shareholders and stakeholders.

Mark just talked about the strategic pathway. Elton has talked about the strategic pathway. I thought it would be beneficial just to highlight a couple of different points within the Document Management Business.

We have talked about the standards and I'm going to give a real live example of a Six Sigma case study, but I also wanted to highlight that we invest in our people. We have a world class training program for our Document Management Business. Every employee, when they come into our business, needs to go through a rigorous training program. It's partly online and it's partly on the job. They cannot work on their own until they get certified.

The nice part about this is it's a sustainable program, so every year they go through a re-certification process. So when we have this foundation of business excellence then we can start working on profitable growth. Dick's going to talk to you a little bit about how we're focusing on vertical expertise and the opportunities we have to cross-sell within our own business.

But it's not just about managing topside, we always have to look at both sides of the PNL and I talked about capacity planning and Elton - Alison did a really good job of talking about metrics and how we manage costs within the business, but we do manage both sides of the PNL.

Then expanding the offering - Mark gave some great examples of how we're merging digital and physical and expanding the offering there. You'll get a glimpse of it tomorrow with RFID and I'm going to give you a quick example of how we use RFID as a differentiator to support one of our customers.

So I will start down the path of a case study or a story. We have a large financial institution who was negatively impacted due to some security breaches within their business and they looked inward and said, you know, why did this happen? What they said is really, hey we have no way to physically audit our information and thus we don't believe we're compliant. So we sat down with this potential customer and asked them, what's your wish list? What do you want to see from a new partner within the records management business?

What they said is, basically we want to establish a world class records management program first and foremost. On top of that we want to be the first Fortune 500 company to be able to completely audit our inventory and they want to be able to mitigate risk cost effectively - as with any company.

So we sat down with this customer and put together a solution for them, but one of the components of that solution was RFID. So on every one of these cartons you see there's a yellow tag. Now this just isn't a bar code tag, inside this tag is an RFID chip and an antenna.

Does anybody drive on the toll roads? Yes, and you have an electronic pass in your car? And as you go through the toll you have a portal and what does it do? It deducts money from your account right? What's happening is the portal's reading the pass in your car and it's deducting money from that account.

Same thing here. We could take a piece of equipment, a reader, through our facilities and we could read every one of these cartons electronically and inventory it.

So that was the solution we brought to them. We said we can RFID every one of your cartons. We can conduct annual audits for you and we can provide you reporting on top of that to show you're compliant.

So the solution really worked out for them. At this point they have a best in class records management program. We recently completed an annual audit for them, inventorying 100% of their inventory with zero missing cartons and now they're fully compliant.

But the best part about the story is what happened last month. So last month we - part of the Recall team - was invited to this customer's corporate headquarters, we were taken to the executive dining room and they wanted to recognise us and celebrate with us the success that we had in bringing them over from their other vendor to us. I think it just speaks volumes whenever you have a customer that actually invites you to their facility and says hey you guys did a great job.

The next example and the last example I want to go through is really talking about how we drive internal efficiencies within the business. So the challenge that we had is we had an opportunity to improve the asset utilisation of our vehicles and the thing we wanted to do was make sure that we, as we improved the efficiencies - and it came from a question before - is how do we do that without impacting the customer delivery?

What we did is we applied some internal knowledge - as some of you may know we have GPS on every one of our vehicles and we use it from a safety perspective, because we can see if people are speeding, we can use it from a security perspective because we can see if people are leaving their routes, but it also captures all the data that we need to see how that vehicle was utilised.

So what we said is, we can put together a team - a team of somebody from our impact team, we can take people from the operations and we can also take a project leader - and have them try to use this information, along with the Six Sigma tools, to help drive efficiencies within the business.

So what they did is they came up with a solution for us and implemented it nationally and we had some really good results. What happened is, is we reduced our fleet by 9%, increased asset utilisation by 11% and so we had the flexibility of taking these vehicles that were under-utilised, moving them to other markets that needed the capacity, or replacing a vehicle that was at the end of its lifecycle, and drove additional savings of $161,000 on a recurring annual basis going forward. The nice part about it is we didn't impact service at all.

In conclusion what I would say is I think DMS business is a great business. You have a solid foundation of business excellence, you have two-thirds of the market that's un-vended that we can go after, it's a great annuity business and when you add innovation and partnering with your customers there's nothing but upside.

So I really look forward to tomorrow and the tour and being able to answer additional questions, but for now I'm going to hand it over to Tim.

Tim McBride *- Recall - VP and GM Secure Destruction Services North America*

Thank you Dan. Good morning. My name is Tim McBride. I am Vice President and General Manager of the Secure Destruction Service line for Recall North America.

I have been with Recall only about nine months, so I am the new kid on the block so to speak. There has always got to be at least one new guy in the crowd. Give you a little bit of background about myself. For the past 24 years I have been in the service industry, specifically transportation. I spent 20 years with FedEx family of companies, ran several different regions, Managing Director for FedEx most recently in the south-west region based in Fort Worth Texas, one of the largest regions within their network. From there I moved on to DHL. I spent four years there as Senior Vice President of US Hub Operations and have been with Recall for the past nine months.

I've got to tell you, it's really an honour to be here with you this morning, have an opportunity to discuss the Secure Destruction Business with you. You heard Mark Wesley talk about the turnaround in North America during the past fiscal year. The Secure Destruction Service line has been an integral part of that turnaround. Some nine months ago, we embarked on a very strategic and dramatic initiative to transform the Secure Destruction Service line, primarily focused on enhancing security, safety, focused on business excellence, innovation, differentiation, and improving the overall customer experience.

That's primarily what I would like to discuss with you this morning. It is very early days, however we are very encouraged thus far with the results and I'll talk a little bit about those results later on in the presentation.

As you can see our Secure Destruction Service line accounts for about 35% of the revenue for Recall North America. You heard both Elton and Mark talk about the size of the information management industry and the dynamic nature of that industry and the un-vended portion of this industry. Within Secure Destruction it's identical. I mean we have a very large market segment. There is a considerable portion of that market that is un-vended today - approximately 50% of that. You also heard my colleague, Dan McFarland, talk about this philosophy with the technological advancements that have taken place over the past 10, 15 years, that paper was going to be a thing of the past. Well, as we well know, that certainly has not happened. Paper is going to be here for the foreseeable future.

So within Secure Destruction we firmly believe that there is tremendous opportunity for a profitably growth now and in the future. And I'm not just talking about the un-vended portion of that market. Also, organic growth with our existing clients where we have the opportunity to cross-sell or bundle our services. Mark talked about one of those - that being a really strategic and competitive advantage for us versus some of the competition within North America, and Elton also mentioned looking at different forms of media other than just paper.

So for those of you that are present today that may not have a clear cut understanding of what the Secure Destruction Business really is, I'll offer up my high level definition of secure destruction. What we view it is a closed loop, secure, responsible destruction of critical and highly sensitive materials.

Now, in today's world, age of information, our clients look to us to be so much more than just a vendor or a provider. They look to us to truly be a partner in essence to create trust, to bring them a peace of mind - (1) to guard against potential identity theft or potential compromising of personal information, to mitigate that risk on their behalf, also to ensure that we protect their image, that we safeguard their brand reputation.

Mark talked - and Mark and Elton both spoke about the activity from a legislative perspective. There are certainly no signs that that type of activity is slowing down. If anything it appears to be more aggressive, consequently our customers look to us to help educate them, to keep them up to speed. We are the true subject matter experts when it comes to those types of issues and it's our responsibility to help make sure that they stay in compliance from a regulatory perspective.

That of course, as Mark mentioned, 100% of the paper that we destroy is ultimately taken directly to mills and to being repulped, recycled. So from a green initiative, environmental sustainability perspective we certainly provide benefit to our clients.

Our basic revenue streams - one is what we refer to as route-based revenue streams. It's where we place our secure bins and consoles in our clients' locations. We go out on a recurring pre-scheduled basis to service those bins - either exchange bins or take them to one of our collection trucks and tip them and replace them with empty bins. That pre-scheduled service can range from anywhere from a daily basis up to potentially once every 12 weeks.

The second of our primary revenue stream is one-off projects - what we may refer to as purges - where clients may be closing down a branch, they may be doing some right sizing activity, they may have gone through a re-engineering project and they need us to collect the material, a large volume of material at one time. Plus one of the beauties of Recall is that we have a complete portfolio of service offerings. My colleague Dan just talked about our document management solutions and part of it, when a client has a destruction order for cartons to be removed out of one of our information centres, then it's transferred to my group and we destroy those cartons. So it stays within one house so to speak. It's that whole portfolio of service offerings.

Then of course the recycling piece of it - the by-product of destroying the paper and the paper revenue that we reap from that.

I'd like to talk just a little bit in regards to our service model. Although our portfolio of service product offerings does include onsite destruction with a mobile shred truck, that is not our chosen primary service model. Our primary service model is offsite destruction and we think that is truly a differentiator within the secure destruction industry (1) because of our secure chain of custody - closed loop secure chain of custody. From the time a customer or a client places a document in one of our secure bins and then our secure service representative - who is certified - comes out, collects that bin, places it on one of our secure vehicles - we refer to as rolling vaults that's equipped with GPS, Babaco locking systems - to the time that that vehicles returns back to our destruction centre - which is equipped with state-of-the-art technology which is pretty similar if not identical to what you will see at our IC on Fontana tomorrow - we certainly believe that these are advantages, not to mention the decreased impact on the carbon footprint or the environment with an onsite vehicle. That vehicle must remain running throughout the process. In addition to that, our offsite model is certainly much more respectful of a customer's business. You don't have a docked position or a place, a parking spot tied up for an extended period of time.

So that is our primary business model and quite honestly it is somewhat unique within our industry.

Everyone is certainly well aware of the global economic crisis and there is no question that the economic impact certainly took a toll on us and it had an impact on the Secure Destruction Business. As you can see over the past two years the impact that it has had, however what this graph also depicts is our ability through he usage of LEAN, Six Sigma, methodology and principles to respond to the downturn in the economy.

I mean certainly our clients have gone through branch closures, re-engineering, things of that nature which has reduced the activity that they have had and it's obviously had an impact on us. However, through very cost conscious methodologies and through the use of LEAN and Six Sigma we have become a much more responsive, lean, nimble organisation and we have been able to offset the impact the downturn in revenue over the past two years.

Now certainly you will hear from Dick Surdykowski how we are combating this trend, from a revenue perspective, and I will say that during this time if you look at FY10 through these practices we were able to improve upon our gross margin year-over-year.

Paper - Dan McFarland talked to you about paper. It's certainly part of our business. This graph depicts the extreme volatility that we've seen over the past year - something that quite frankly was something that we hadn't experienced in this industry, although the past four or five months it has stabilised. We don't project that same type of volatility in the near future, however we certainly understand that we have to monitor very closely and we have to be cognisant of paper prices.

That being said, our focus is on the elements of our business that we have complete control over and that's cost optimisation, improving the service, improving the overall customer experience that I spoke about.

This slide you have seen from every presenter. That's not just by chance. A little bit about our strategic pathway within the secure destruction.

Business excellent - as I said, over the past nine months our business really - we've been working very diligently to transform, consequently very strong focus on business excellence. A couple of the key components that we've been working on - pay for performance and dynamic routing - I'm going to talk a little bit more in detail here momentarily - increasing route density. We certainly recognise the fact that we needed a solution to help mitigate our cost structure to a certain degree. We've built a model - this serves a couple of purposes. It identifies specific geographic pockets down to a route level basis where we need to focus our sales efforts to build route density and reduce the overall operating cost structure.

As Mark talked about, we certainly employed Lean and Six Sigma methodologies. Let me talk just there for a moment - one element of profitable growth. Although our focus primarily over the past nine months has been on business excellence, profitable growth certainly has not gone unnoticed so to speak. One of the critical strategic initiatives was transitioning our primary pricing methodology from a bins tipped to a bins onsite methodology.

Let me give you a basic description of that. You go out to a client, they've got 20 bins, our methodology in the past is if we service that bin then we charge the customer for that service, although if the bin was empty or it was less than 5%, 10% full, customer didn't want a service, although the asset and the activity was still involved, we didn't charge for that service. We have now aligned our pricing methodology so it aligns much closer to our cost structure and certainly to the value that we bring the external customer.

Expand the offering - Elton mentioned tomorrow while we're at our ICM Fontana, give you an opportunity to get a peak into the future, some of the innovative products and services that we have been working on.

Speaking of pay for performance - this, a real change in culture within Recall. What we recognised very quickly is that the current compensation methodology for our secure service representatives - what we refer to as SSRs - really was not aligned with the goals and objectives of our company or of our customers. The objective was to create an entrepreneurial spirit or culture within our organisation where our SSRs truly had the ability, the opportunity to take accountability, ownership, responsibility for their routes and those customers on those routes; where they are empowered to take action to improve that level of overall customer satisfaction. In addition to that we certainly believe that it will have a positive impact on the on-time performance and a positive impact on the efficiency and the productivity.

We have been piloting this compensation methodology for the past nine months. The results have been very encouraging. We look to go live some time in November.

The last strategic initiative I'd like to share with you is dynamic routing. I mentioned to you that we have pre-scheduled - we pre-scheduled the services with our clients and those service frequencies can vary from daily up to 12 weeks. With the number of customers that we have, I'm certain that you can understand how difficult it may be to optimise our routes. We have - the objective behind the development of dynamic routing was to implement a scalable solution for dynamic and strategic route planning.

We have been in pilot mode with the software that we are currently utilising for the past three months. We will look to make some final determination at the executive level some time in October, but a couple of the pilot sites we're seeing some encouraging results, and I guess the most simplistic way of describing for you the methodology is if you take every work order or every customer that you are scheduled to service tomorrow and you pour them into a blender and you turn on that blender, you shake it out and every route is not just optimised but sequenced to ensure that it's not just efficient and productive, but it also meets the critical customer requirements that they may have. In other words, close times, if they want you to work around scheduled lunches, things of that nature. So a very different approach and certainly should have a dramatic impact on our transportation expense.

This is just a quick look - in the upper left hand corner the blue or the aqua wedges depict the number of customers in specific geographic area, the number of stops that we've got to make on a given day and the bottom right hand corner - after we have run it through our dynamic routing software model - shows how the methodology that was utilised to optimise those routes.

So, in summary, I am very excited about what we're doing within the Secure Destruction Business. We still have a tremendous amount of work to do, and as I said, this transformation still early days, but we're very encouraged by what we have seen thus far.

And again, I certainly appreciate the opportunity to be here with you today, to share a little bit about our business. We're very very passionate at Recall. Mark's team are very engaged, very committed and I certainly appreciate the opportunity.

So, at this point I would like to turn it over to my colleague Dick Surdykowski.

Dick Surdykowski - ***Recall - VP Sales and Marketing North America***

Thanks Tim.

I think we were 10 minutes ahead of schedule before Tim started, now we're five minutes behind - so is that about right? He's pretty passionate about secure destruction wouldn't you think.

Well my name is Dick Surdykowski and I'm the Vice President of Sales and Marketing for North America for Recall and I am very honoured to talk to you today about some of the things we're doing to deliver sustainable and profitable growth.

I joined the Recall team about 15 months ago - in June of 2009 - and prior to that I spent 22 years - I only had one job prior to Recall - I spent 22 years in a business to businesses service company where I was able to build sales teams and grow their business over those 22 years.

One of the things I am most proud of in my prior experience is that we grew that business from about $150 million a year back in 1987 to over $4 billion a year when I left 15 months ago to join Recall.

So I learned a lot of things in those 22 years about building sales teams and the traits and the characteristics and the core competencies that make up a successful sales team. So I'm bringing that to Recall and I'm going to tell you a little bit about what we're doing in North America.

One of the key values of Brambles is that all things start with the customer. So one of the first things we did was talk to our customers and listen to the voice of the customer. We did that through periodic surveys, we did that through focus groups in numerous markets, we conducted quarterly business reviews with many of our customers, we had a users conference about a year ago out here, actually in Fontana - the facility you're going to visit - where we brought 125 customers and prospects and talked to them about their business and what they need from a supplier like us. We conducted hundreds of executive visits in fiscal year 10. In fact Elton, I know you visited over 100 customers in FY10 alone.

So we took all those things and we listened to what the customers were telling us and here's what they told us - they said, you guys are easy to place an order with. When we place an order with you, you respond quickly and you take care of things quickly. We trust you guys. We know that our information is secure with Recall. Your folks are well trained, they're professional, they're knowledgeable and they're likeable. So those were good things. In essence we provide peace of mind to our customers.

Now, we also wanted to learn about areas that we could improve to become a better resource for our customers. So we heard a couple of things loud and clear. First, we needed to improve in the area of customer communication and in the area of the quality of our main contact - which we refer to as the account manager. The account manager owns the relationship with the customer and is in charge of maintaining that relationship and growing the relationship. The other thing we heard was, we could do a better job in the area of issue resolution - things like billing or invoicing, maybe how we onboard a new customer.

So what did we do about that? We quickly went to work in FY10 on enhancing the skill set of our account managers across North America. That was one of the first things we did. Second thing is, we put in a proactive account manager model that will enable each Recall customer to have a consistent, positive, proactive experience with Recall and we put together very specific traits and characteristics that are critical to being successful as an account manager within Recall. We put those in place for all of our new hires and we applied them to our existing team of account managers.

Regarding the issue - also actually, one other thing - we actually added account managers to the team in North America so we could guarantee we had the proper number of visits to each and every customer because that was one of the things we heard from them was, the number of times we communicate with them, they'd like to see a little bit more of that, and not only how many times they communicate with them, but what type of visit. Is it a proactive goodwill visit? Is it a cross-selling visit? Is it an issue resolution visit? So those things are now tracked and monitored.

Regarding the issue resolution area we quickly realised that there were some variations in our processes and because we had variations in our processes it was pretty easy to come up with a solution through our Six Sigma team. So we took our Six Sigma team and applied a team on each of the areas that were identified by our customers that we could improve in. Each time was led by a black belt. They have been in place for six or seven months. The teams are all nearing completion and we're very excited about the new processes that are being rolled out, due to the efforts of these Six Sigma teams regarding issue resolution.

The good news is, we are in the top third of all companies surveyed in the area of customer satisfaction in the services companies.

Mark Wesley mentioned that one of the first things that he undertook when he came to North America from Australia was to restructure the North American business. The group that that had the biggest impact on was the sales and marketing team. As he mentioned, all of sales and operations reported up through regional operational managers. The Sales VP was actually in a staff role. What we had happen there was inconsistent expectations, inconsistent training, communication flow probably wasn't as good as it could have been, best practice sharing probably wasn't as good as it could have been, and because it was run through operations there was a little bit of a lack of focus on the customer and the sales process. So, we put in place a new structure, within the sales organisation we put in that new structure as a part of that change.

Now, I mentioned I spent 22 years leading sales teams and growing a business. There's a couple of things I learned in those 22 years. This is good, so you'll want to get this in your noted. Tom, you want to get this, okay?

Okay, when you're leading a sales team and you're trying to grow a business two things are real important- sell more new customers, that's one. Number two is keep and grow your existing customers. It's big. It's big. That's worth the trip right there, right?

So sell more new business, well more new customers, bring more new customers to the company and then keep and grow your existing customers. It's really that simple. So we set up our structure around that and we've got our structure broken down into buckets. We have our national sales team and our field sales team and within those two teams you've got two roles - your sales executive and your account manager. Your sales executive is your hunter that goes out and finds new accounts to bring to Recall. That's the sell more new business part.

You've also got the account manager, which is the person in charge of the relationship that I mentioned earlier, that is the quarter back if you will of the account, in charge of maintaining that relationship, introducing other products and services to that customer in order to grow the relationship. So that's the keep and grow your existing customers part of the equation.

Now, in addition to that, we also realised - and if you will refer back to what I mentioned that our customers told us earlier - they liked it that we were knowledgeable. They want us to be subject matter experts. They want us to bring them solutions. So we realised an opportunity to create some subject matter experts in certain lines of our business that we think will enable us grow those at a faster rate. Those two lines of business are the digital business and the data protection service business.

So what we did - right here, digital specialist and data protection specialist, we actually added a team of subject matter experts for those two business lines. So we have a team of folks that are experts in the digital business in everything we can provide and there are experts in the data protection business.

We then went out to our existing sales executives and account manages and trained them on how to identify opportunities within prospects for digital or data protection or to identify prospects within our current customer base if you're an account manager for digital or data protection.

Once they identify the prospect, instead of the sales exec or the account manager selling that, they then bring in that subject matter expert. They bring in the digital specialist, or they bring in that data protection specialist and that person then helps sell that piece of business because of their subject matter expertise. Early indications are that the customers really like that and the prospects really like that subject matter expertise because they're looking to us for solutions.

So, that's the new structure. On top of that we rolled out an activity based sales model that overlays the entire organisation. In essence what I'm talking about are clearly defined expectations regarding activity, a weekly routine that is in place for each and every position. For our sales executives we have a weekly routine. For our account managers, a weekly routine. Our sales managers, our sales directors, our national sales execs, every position has a weekly routine with clearly defined expectations on how many visits you're supposed to make, when you're supposed to make them, when your meetings are, when your debrief is and that enables us to do a couple of things.

Part of that routine is every Monday morning a sales exec and account manager sits down with their sales manager and goes through the previous week's activity in their weekly debrief we call it. Now that we're tracking and measuring that it tells us a lot of things, and it's pretty easy to decide if it's a will issue or a skill issue. Those are the things we look at, so when I say will, that's effort - effort and activity. If it's a skill issue, it's knowledge, it's something we can teach or train, it's easy to identify what the root cause of someone not hitting their expectations are because of these weekly debriefs, so we can measure and track that easily and lets us get to the root cause of what's holding them back from success or lets us know what leading them to success. That happens each and every Monday in each and every market.

So that's the new structure.

I think Mark mentioned earlier the house of growth that we've talked about a couple of times. Let me tell you a little bit about that, what it means, and where we're headed with it.

I joined Recall at the very beginning of fiscal year 10 an one of the first things we did was we sat down with the leadership team in sales and came up with what are our key priorities? I mean what are the main things we're going to stand for in sales? What's that foundation that we can build off of and create a world class sales organisation?

You know, I didn't leave a 22 year career with another company to come to Recall to be average. I didn't come here to be mediocre. We want to be world class. So how do we build a world class sales organisation? You've got to have a strong foundation in place that will last for the long-term.

So we came up with the five key foundation areas. Number one was greatest people. You've got to be fully staffed with A players all the time. And there's a lot that goes into that, and I won't go into all the details, but it involved a very specific hiring process, specific traits and characteristics that we know will make a successful sales executive or account manager, based upon the job. We redesigned the job descriptions. We put together a very detailed hiring process, what steps they go through so we don't allow non-A players to get on the team. Everybody that joins the team has to make the team better. So that's the greatest people part of it.

The second part was world class learning, and this is the training we provide to all the folks on the team in order to improve their skill set. We pretty much blew up and revamped the entire training process and it's been in place and everybody on the sales team has gone through it and we continually upgrade it. In fact we just recently hired a director of sales training - a person dedicated to just the sales and account management team regarding training. So we've got a big focus there.

Number three is flawless execution of our play book. This is what I mentioned earlier about the weekly routines. We've got our play book in place that we know if you follow the play book and you just have decent skills, you will be successful. If you do certain things and your skills are decent, you'll get good results. We can work on your skills and with that and increases emphasis on the activity, that's when you get the really exciting results. So the play book is in place.

The fourth part was professional development. It is frustrating when you want to build a team and you've got to go to the outside to bring folks in. We want to be able to promote folks from within our company. So in the area professional development - something I'm very passionate about - is developing a pipeline of people within Recall that will be ready for promotions when they're available. Now this is not only for folks that want to get promoted it's also for people that want to do other things and other roles - maybe with CHEP, maybe within Recall, it could be within their current role - is to continually develop our people, to enhance their skills, to get them ready for promotions and other opportunities. We have put a pretty neat certification program in place that gets them ready for that next opportunity.

So those are the four key legs to that foundation and if you do those four effectively number five happens automatically - which is deliver on our commitments, exceed our quota, exceed our commitments that we make to the corporations.

So we spent all of FY10 working on that foundation of the house of growth. That will continue. We're not going to stop. We're always going to be working on that. It's much like the business excellence part of the model that everyone else has shown that I haven't shown yet, and I'm not showing. I'm the first one not to show that slide. But the business excellence part will always continue. Same thing with our foundation of our house of growth.

Now, FY11's here, so we're at the point where if we're going to continue moving towards a world class sales organisation we've got to get a little more strategic. That's where the pillars of the house of growth come in that we're focusing on in FY11 and that's looking at market segmentation, customer segmentation, what is an ideal prospect and an ideal customer? Because they're not all perfect. How do we develop processes by market segment? Where and how and when do we want to grow and what markets? What's our brand development strategy? How do we retain customers? How do we identify customers at risk and what do we do about it? How do we retain and develop our A players that we're bringing onto the team?

So this is where our focus is shifting for FY11. As we continue to build out those pillars obviously the end result is the roof there you see and that's the profitably growth we've been talking about all morning.

Okay. Next is our pipeline. In any business - I don't care what business it is - it's imperative that you have an accurate and reliable pipeline to be able to run that business. If you think about it, each and every month I have got to give a forecast to my boss - to Mark Wesley - on what we're going to do by business line, what we're going to sell, what new products and services that we're bringing to corporation. Dan and Alison talked about the importance of capacity planning and staying in that sweet spot of 90% to 95%, right? Well I've got to be able to tell those guys what are we selling this month and where and how many cartons? What's the probability that it's really going to happen?

So, you know, human resources has got to be able to forecast head count. So many things are contingent upon an accurate and reliable pipeline. It's been a critical focus for us since day one.

Now what goes in that pipeline is just as important. Is the data accurate? Are we looking at the right verticals? Are we calling on the right types of prospects? All that has been a key focus for us over the last 12 to 13 months.

And regarding pipelines, not only is it a great leading indicator it's also a great lagging indicator if you think about it. When you look at your pipeline and you look at opportunities that maybe we didn't win, or when, or why is it taking a certain amount of time to go from the proposal stage to the negotiation stage within the funnel. You can come up with some good data there that can help you develop training around specific things that help you improve those ratios and improve their probability rate. So if someone is in the negotiation stage, what is the probability we're actually going to close that piece of business? So by having good data in your pipeline you can come up with all kinds of great training that's very specific to moving results in the right direction.

The good news is, our pipeline is up by 52% in the last six months and we're not done. We've got a long way to go still.

So the big question you guys are probably thinking - is it working? All this stuff were doing, is this working? We made a lot of changes. We track a lot of key performance indicators. I've just thrown a couple up here, the ones I have thrown up here are face-to-face meetings per week for sales executives and account managers, average days to first sales, up on the top right there. So once we hire someone on the team how long does it take them to make their first sale? Things like average number of accounts sold per month. What is the average size of these accounts sold per month? We track dollars in the pipeline versus dollars out of the pipeline. We're tracking all kind of KPIs and the early indicators, based upon the trends that we're seeing, are telling us yes that it is starting to work.

Last couple of slides here. I want to give you just a couple of examples of some sales wins that we've had in North America, to tell you a little bit about the flavour of what we're doing and how we're coming up with some of these wins.

First one is a regional financial institution regarding our data protection service business. The challenge the customer had was they didn't have a really good tracking method with our competitor. They were not convinced of where the magnetic tapes were being stored. Were they properly secured? There was concerns about compliance issues. They were fearful that if they were audited they may not be able to pass an audit from a disaster recovery standpoint. So their objective was obviously to get compliant with a high level of security and they wanted to partner up with a company that was innovative and that could grow with them.

So what we did was we met with all of the stakeholders within this prospect to understand truly what are their business needs? What are their challenges? And we came up with a solution relative to those needs and I think one of the best things we did was we showed them or proved to them how we could address those needs by bringing them out to one of our facilities and showing them exactly here's what we do at Recall to address your needs. The facility tours, very high closing ratio, and it's something we push very strongly. So we brought them out to our facilities, we then put the plan in place, they gave us the business and today they've got a very innovative partner that is poised to grow with them to provide them a very compliant secure data protection program.

The neat thing about this example is since we have rolled this program out - and we only rolled it out about six months ago - they have already asked us to come in and look at some document management storage possibilities with them - which they have a large inventory of cartons - and they've also engaged us to talk about some digital opportunities.

So that's one example.

The next example is a large national energy management company that actually audits their customers energy bills to look for opportunities for savings and to be sure they're on the right type of program. The challenge they had was they wanted a quicker turnaround time, they wanted improved accuracy, they wanted more of a process driven solution because they were doing everything manually. This was an unvendored opportunity. So their opportunity was put us in SOPs, improve their turnaround times, put together a nice workflow system that will last long term. What we did was we sat down and analysed their entire situation and came up with an analysis of what we recommended on how to solve the situation they were running into.

We then bought them into our digital facility and showed them how we would scan their invoices, use our software to take the certain characters off their invoice, put them in a format that they needed and then download them back into their system where they could analyse them and communicate back to their customers savings opportunities.

So we took this part of the business that they were not the best at and that we are best at and we brought it on and let them focus on what they're best at, their core competency. That business is on board and gone very well and we are now actually in a situation with them where we're actually helping their customers improve their cash flow. That's a neat example of one of our wins in our digital business.

Now, over the last 14 months, we've listened to our customers and put things in place to be a better resource for our customers. We've restructured the entire sales organisation. We've put an activity-based model in place to hold our folks accountable to our expectations, put a lot of training in place. We've added specialists in the area of digital and data protection and actually in a couple of other areas, all in the effort of doing two things.

I'll see if you guys paid attention earlier. What are those two things? Keep me posted -- a good one but sell more new customers and keep and grow our existing customers. We've built the entire sales and marketing organisation around those two things. After 14 months, I'm pretty confident in saying that we are optimistic that we will be able to deliver sustainable and profitable growth moving forward.

So at this point, I'm going to turn it back to Elton Potts to facilitate the Q and A session. Elton.

Elton Potts - ***Brambles - Group President & COO***

Thank you and I hope you stay employed too. Thank you for your patience, your attention so far. Let's open it back up to questions and we'll see who the right person is to hopefully provide the right answers. In the back.

QUESTION AND ANSWER

Scott Carroll - ***JP Morgan - Analyst***

This might be a question for Tim. Just in terms of the shredding business, I'm just curious how -- what you're seeing in terms of pricing from your competitors, excluding the paper. So just around the shredding price itself, the service fee.

Tim McBride - ***Recall - VP and GM Secure Destruction Services North America***

It's certainly a competitive business, there's no question about it. I think Mark mentioned it in his presentation. We are distinctly different than the majority of the competition out there. We truly are subject matter experts in security destruction. Consequently the value that we bring versus some of the competition is significantly different. We are certainly competitive from a price perspective. But we bring a whole different level of value, particularly when it comes to security.

Mark Wesley - ***Recall - President North America***

The only thing I would add to that is that some of our customers are prospects, the services are commodity, no doubt about it and those probably aren't going to be Recall customers, to be honest with you. But a lot of our customers in a lot of the market and more and more of the market view this as a value added service and not a commodity and those are the kind of customers that we're targeting and that we want to do business with.

Tim McBride - ***Recall - VP and GM Secure Destruction Services North America***

Mark is exactly right. Our customers, and I mentioned it in my presentation, our customers truly not just look to us but they expect us to be a partner and provide that peace of mind and that trust.

Alan Taylor

Yes. Elton, earlier Mark referenced some products and services that Recall is offering outside the US but has plans to role those out in the United States. So first some detail on that. And secondly, where are you hearing from your customers as to, particularly ones where you've had success stories like this? You mentioned the dinner with the financial institution. What are companies like that that truly do view you as a partner? Where are they pushing you to innovate and expand your service offering?

Elton Potts - ***Brambles - Group President & COO***

So some of those service offerings outside the US that we plan to bring here, and it's all about best practice sharing. If it works in market A it should work in market B. Of course, doing the due diligence on that. A lot of those are tied to extensions, adjacencies and services around the core document management solutions business.

For some people it's well, document management solutions is cart and storage. Well, no, it isn't. It's really a full information life cycle. So it's taking over some things that customers try to do for themselves today, at the beginning of the life cycle their information and a bit more at the end and helping them to make some of those decisions.

So those services we plan to roll out -- Mark, what, October through December timeframe? So we haven't yet announced those into this marketplace but there's five key things that the business will be bringing forward. Go ahead, Mark.

Mark Wesley - ***Recall - President North America***

I was just going to address Alan's second question about what are our customers asking us for. A lot of what they're asking us for focuses in the digital area. They're saying you do a great job managing our physical information, digital information is exploding, we're overwhelmed, can you help us in this area. So I would say that's probably the biggest where we see a lot of questions being asked to that.

Andrew Gibson

Just a couple of questions for you. First on circling back on CapEx. Internally within Recall, do you have any pay back periods or hurdle rates that you have to adhere to for CapEx and if so can you provide a feel as to what they may be. Secondly, a number of you today have talked about the upside from unvendored markets, etc. I'm just wondering, are there any constraining factors there as well? For example, might there be one financial institution that will never go with Recall because you're servicing one of their competitors or other factors like that?

Unidentified Company Representative

So I'm going to take the second part and Elton, I'll let you take the first part of that. So it's interesting, We haven't heard from our clients because you service competitor A, the financial institution's competitor, you cannot service us. I haven't heard that and maybe you guys have? No?

Unidentified Company Representative

No, that's never come up.

Unidentified Company Representative

I've never heard that.

Unidentified Company Representative

Instead what they want is look, we know that you do some neat things with some other financial institutions around the globe. Without compromising, you know, what's confidential with proprietary, what can we do better, what can we learn? So one of the things that we do is we try to help our clients, show them ways that they can be more effective.

Now, if we work out a proprietary system with customer A, we're not going to give that customer B. But part of what we do is we learn around the globe and we bring these best practices and they tend to value that. If your firm would like to do more with us, we'd be happy to talk to you about that as well. Allison.

Allison Aden - ***Recall - CFO***

With regards to the (inaudible) and the CapEx, when we look at any capital investment, be it the extension of capacities or be it investment in our information technology, clearly what we're looking for is the strategic long term pay back. There will be accreted to the current return on capital investment which if you remember from the early slide, we've been able to improve year over year by 1% basis. So we look forward to the investments that we're making being able to be accreted to that in the future.

Unidentified Company Representative

My challenge is us getting those things through Tom and Greg.

Unidentified Company Representative

The only thing that I would add is that obviously capital allocation is at the Brambles' level. So in addition to allocating capital within unique opportunities for Recall, that then gets measured against allocating capital across all the Brambles businesses. So when Elton and his team specifically we've given some visibility today to the IT initiatives. When that IT initiative was presented, that's really a decision at the Brambles' level in terms of that project competing against all other projects.

So the hurdle rates are required that are standard across the organisation and Allison, I think, hit the nail on the head. It has to be value accretive for us in order for us to be willing to put capital into any business.

Kevin O'Connor - ***Merrill Lynch - Analyst***

Just on the returns topic again, to what extent do you think you can drive higher returns out of this business because the thematic that you've been giving us is that in terms of your operational excellence, you're pretty happy with where the business is, including your ranking capacity utilisation as well. So the return on funds employed, return of capital employed, are they about as good as they're going to get and if not, how can you drive them higher, given your operational excellence of targets by and large?

Unidentified Company Representative

So we're pleased with our progress this past year but we're not done by a long stretch. In the area of carton storage, the document solutions, the core key to that business, there is a model in terms of how many cartons can you fit into a square foot or a square metre. That's the challenge and it comes under what does real estate cost and where is it and cost to serve and those models.

We'll continue to work to get better there. But if we think about then the other things that we can bring that don't require as much from a capital stand point, those can further augment and make the business even more attractive from return on capital stand points. So the five new service offerings that we'll be doing that are adjacent to what we do today in North America in the document management business will be accreted to that. The move into the digital space doesn't require the large footprint that the physical business does. So that can also, we believe, be accretive as well. Allison, any other thoughts there?

Mark Wesley *- Recall - President North America*

The only thing I would add is that if you look at all of our service lines and our asset utilisation there's opportunities in all of our service lines to better use our assets. So as revenue growth comes in to fill up that asset utilisation which will provide better returns.

Unidentified Company Representative

Our friends at Chep set a pretty high standard so we always work hard to catch up to them and it's going to take us a little bit longer to get there.

Kevin O'Connor *- Merrill Lynch - Analyst*

Just on Mark's point about asset utilisation, can you give us a little bit of colour on how much spare capacity there is then?

Allison Aden *- Recall - CFO*

Well, what Mark's addressing is that, you know, particularly in the Americas, there will be some facilities that have varying degrees of building capacity. So as we target those areas through our sales approach, we'll be better able to take up that building capacity, rack it out and therefore drive up the returns on that particular facility. So it varies -- it'll vary from market to market.

Unidentified Company Representative

So for us, you know, you're dead on this, two key capacities. There's racking capacity and there's building utilisation capacity. Building utilisation capacity is never going to be as good as your racking capacity because you've always got to have the space. So it runs a little bit lower and it comes down to the strategy that you take in each individual market and in each facility that you choose.

In one market, we may choose to do a new build from the ground and build it in a pod methodology. So we'll construct the walls for the first section, we'll fill it up and it's finalising being filled up, we'll start constructing module B and we'll continue the pods that way. In other markets where that isn't economically feasible, that kind of real estate is just not available, you'll take an existing building, you'll start -- ideally you'll start with the amount of space you need and take more over time.

When that doesn't work, it forces you then to go to another building and you want to be as close as you can to building A to building B to reduce your logistical feats.

Kevin O'Connor *- Merrill Lynch - Analyst*

Great. Thanks you very much for that.

Russell Shaw

You haven't spoken much today on the digital side. I just wanted to get a sense -- obviously I appreciate it's a much smaller part of the business but sort of what the sales growth trends looked like over the last few years from a CAGR perspective and also whether that has also gone backwards during the GFC from a transaction perspective?

Unidentified Company Representative

So in the next section, I plan to talk a little bit about the digital space. So we will talk about that. We do see it as a key growth opportunity but it's going to be driven by our customers and their need and desire to move into that area. One of the neat things about the variety of customers we do business with is we'll have one customer who's still doing the manila envelopes internal mail and the next one saying I'm going to paperless in five years. So it's a very wide variety.

What we see there is that's an area where we expect much faster growth than any other portion of our business, largely because we're coming off with a smaller base. We've tended to see good growth and I think Greg mentioned this when he did the earnings announcement. We did have one digital customer in Europe that was a governmental client who said, look, when this business comes up to be rebid, we're going to say you have to have two suppliers instead of one.

So that piece given its size did affect our overall digital growth last year. The neat thing for us is we kept the pieces we wanted. But I'll get into more detail in just a bit. Any other questions at this time? Okay. The last section before -- we'll do a little Q and A and then lunch.

So I want to focus now on profitable growth. So you've seen our strategic pathway slide. Most of the presenters have shown it and you've heard us talk a lot about business excellence which was the foundation of what we've done. The focus now is to turn more to profitable growth. So I would hope that at this point, you've heard that we're pleased with our financial returns last year and we plan to continue to grow our business and to grow profitably.

I hope that you've also heard and had some confidence that we have done a successful turnaround in our North America business. You know, as Tim said, that work is not done and with a continuous improvement culture, we will continue down this path. I want to now turn my attention and your attention to some industry trends, some things that are affecting our marketplace and let's talk about those and how we're responding to that.

We'll start with regulation and oversight, the popular ones, Sarbanes-Oxley and HIPAA which is in the medical field in the US, these types of regulations and how they drive increased demand in our industry space. The biggest challenge for our customers is understanding these regulations and then understanding what their cost is if they don't comply.

These can be major issues and Dick talked about a customer who had some issues in this area and said look, we cannot be satisfied with our current supplier, it's time for us to do something different and better and can Recall -- I'm sorry, Dick, it was actually Dan that said that. My apologies.

Now, how do we add value? One, robust security. So we make sure that we keep their information secure. We have industry leading audit and tracking capabilities which is very important to them. You'll see some of this tomorrow. We offer them consistency around the globe, which we'll jump into another trend in just a minute and we can provide them with advice that keeps them out of trouble.

The next piece that's very closely tied to that is identity theft and privacy. This is something that's gaining awareness around the globe and just this year in Mexico, the federal law for protection of personal data was passed. Now, identity theft and protection of personal information is a big topic in the US. It's becoming and is a big topic in the UK. It's growing in Canada and Australia and now we're seeing laws being passed in other countries as well.

This makes companies who deal with the data of individuals outside of their own firm and frankly their own firm, it makes them stop and pause and make sure that they are in a position to protect themselves, their customers and their own employees which drives more demand for our services. If you've read any headlines in the last couples of years, when a company has a serious breach in this area, it can cost them millions, just in monitoring costs and notification costs and it can cost them even more than that in terms of their company's reputation.

For us, we provide to them stringent and consistent standard and procedures. The full life cycle of information management, from the beginning of the information all the way to its destruction and both physical and digital protection. So we have a global director of safety and security who has a Master's degree in security engineering and has worked in both retail and in a financial institution. So a strong background in this area.

We also have a director of digital protection and security that ensures that our firewalls are safe, they're continuously tested and that we protect our customers' information from that regard also. You heard several members of the team talk about training. We can have the best systems but we also need our team members to understand what must be done and to be well trained and diligent to protect the information of the companies that we serve. Then we also have a strong internal audit process as well.

We talked about the services that are adjacent to the core document management solutions business. If you think about the global financial crisis that's hit us over the last couple of years, one of the things that many companies did to respond quickly was say we're going to make a certain percentage of our staff redundant, 5%, 10%, 20% in some cases. Companies responded very quickly by doing that.

However, they did not respond quite a quickly in taking away the work. They did a great job reducing the staff but the work that staff did didn't all leave at the same time. If the staff was tied to something that was volume related, yes, the work went away. But if it was the core running the business, the work didn't leave. So companies now are looking to outsource more and more.

They're looking to do things in a way that makes them more cost effective, whether that's from a time standpoint or from a pure cost standpoint as well. They also are looking to free up their space and their internal resources so if I've got to deal with a less head count, I want my head count focused on my core competencies, not these ancillary things.

Some firms have gone to hoteling their office space because they're trying to shrink their overall office square footage. So again it reduces the amount of space that the individual employee has to keep information. So more and more that is being pushed to a third party supplier like us, including many firms are saying please take my active files, not just the things that are for long term storage.

They also say look, with fewer people we're not able to make sure that we are perfect when it comes to chain of custody and the security of this information. We just don't have the ability to be perfect internally. Let's go to a third party who can make us more effective in this area.

So our goal is to make them more efficient by adding productivity for them and reduce their complexities. We provide the full life cycle management and we provide, as we talked about before, global best practice sharing. We try to fit our solutions to their particular needs. It is not one size fits all. Globalisation becomes a key piece of this as well.

In a time when you see major markets like Europe and the US and you're questioning how fast are these growing, what is the GDP, are they in recession or not? You're seeing people turn to other economies as being their key growth engines. However, in some of those established markets, we've also established, all of us have, the way to do things. If you go into an emerging market, those fundamentals, those basics, are not in place and you put in place your global reputation.

You put it at risk if you don't have the same consistency from a record keeping, a security standpoint or from a service standpoint to your customers because if one of your customers is also a global firm and they do business with you in some of the more established markets, they expect the same level of service and the same protection of their information and emerging market as well.

So we roll out our standard operating procedures in every market we would do business. We give them one point of contact to reduce their complexity. Because of the best practice sharing that we do, we give them a chance for competitive advantage and our standards, as Dan and Tim talked about, are very rigorous and consistent from one market to the next.

We also take a partnership approach with our customers and listen to them about where they need us and we have, through the strength of Brambles, the ability to invest and grow with them. Sustainability. Now, Tim talked about this in terms of the secure destruction business and how we recycle all of the paper and other materials that we destroy.

So clearly the environmental footprint is an emerging topic. It's been a topic that's been a little less heard through the financial issues we've seen in the last couple of years. We also bring to them financial stability and Allison showed you a slide about the amount of cash flow that we throw off after our investments, compared to our profitability.

Then social responsibility. If you take a look at what we do, we save three million trees a year through the recycling of our secure destruction material. We do have that long track record of financial strength and we have quite a bit going on in our local communities to give back. If you get a chance, talk to Mark this evening about the work the North America team is doing to support a school and to help some under privileged kids to get that chance in life.

We talked about paper and we said paper is not going away any time soon. So I've listed this as a trend because it's been a question in the past. If you think about paper that's used, it's something that we all still see and touch and utilise. The 10,000 pages per office worker per year, 7% of all documents are lost and 3% are misfiled. If that's your company, please talk to Recall, we can help you.

The piece about spending time every day looking for information. That is something tied to paper but it's tied to the digital space as well. So we see paper as a trend that will continue for the foreseeable future. Now, at the same time, digitisation is coming and it's coming stronger and stronger. It is a way, if you have physical documents in a carton, they're in one place and with digital capabilities, you can have them stored and backed up in several places. That's a very good thing.

The other very positive benefit is this data stick holds one gigabyte which is the equivalent of those 10 cartons. So there's a key space value from this. Now, it's a lot easier for me to lose this than for me to lose those, for me as an individual. So you have to be careful when you switch to pure digitisation. If you think about the abilities you have when you go digital, you can take a piece of paper, image that document and then with optical character recognition, you can pull data fields off of it and make them useable throughout your entire systems and throughout your entire business enterprise.

That's powerful and you can have people in different parts of the world seeing the same information at the same time. It's fantastic to improve your timeliness, your efficiency, your responsiveness to your customers. You can search through multiple key words for it, you can go across many different applications you have to search for information. It becomes very, very powerful for you.

One of the neat things in an area that's an opportunity for us is workflow where you have a consistent process; accounts payable, a human resource process, mortgage lending, contract approval, those types of typical workflows are something that we can automate for you, digitise, extract data, route them to the right people within your organisations so that the right people are only dealing with the piece they need and it moves to them quickly. You can give your customers answers faster than you could before.

Now, as we move into digitisation, it's not something that we blindly do because at the same time, you have security issues. The security issues you have from a digital standpoint are different than from a physical standpoint. If you don't have the right protection in place, the right firewalls and all the right security measures in your systems today, you don't know when your information has been accessed by somebody who shouldn't. It's much easier to protect the physical asset instead.

Clearly information retrieval can be a challenge as well. I'll use myself as a perfect example. On my laptop, I store all sorts of information, all sorts of files. The challenge is when someone says remember that thing we did 15 months ago and it looked like this and I think you did it in PowerPoint, finding it is a bit more of a challenge. Now, I know some of you are in a much better place than I am from that standpoint but it's important when you file information digitally that you can find it later because in that area, it's actually easier to look through paper than it is to look through a complete system to find something like that.

So digitisation creates new challenges and new opportunities at the same time. Ninety five per cent of all information today is digital in its creation. We still print 10,000 pages of paper a year. Isn't it great? Seventy per cent is never printed and we still print 10,000 pages a year. Isn't it great? Only 10% of corporate information is numbers. The other 90% is our creativity, it's what we do, it's what we create. It's how we add value. Personal computing has given us the ability to do a lot more of that than we ever have before. It doubles every two months. Now that also creates challenges for the same organisations to manage all the information and the intellectual property that they have.

So let's start with you've got a company that's been successful, has been in business a long time, they're a customer of Recall today, but they want to move more digital because it makes sense, it's the right thing to do. So for that customer, today what we offer to them and what they've done business with us in the past is based upon physical records management. But let's walk through how that is in place today and how it will be in the future.

So you start with a customer and they have their existing archives and they have new items that they want to archive as well. The first question you ask to them is, do you want to leave this as paper, do you want to covert it to an image, or do you want to do both? That leads to the first question and the first decision point and if they say, okay, let's leave it as paper, the next question becomes, we have this paper, do we store it in your archives or do we destroy it today? If they say destroy it today, then Tim and the secure destruction team will take care of that in a very safe and secure method.

If they say, instead, we want to keep it in our archives, today we provide to them a variety of choices. For simplicity we say the first one is we keep it at the carton level, or we can also keep it for you as active files and we have some customers that we manage the individual piece of paper, we barcode individual pieces of paper and manage it at that level.

THOMSON REUTERS

Now the customer may say, well in addition to or instead of paper, let's image this item. So then we go to imaging and within imaging we can host your images within our data centres, or we can use our existing review technology which our customers use today to help them with their physical archives so that they can see their documents right there. Or we can actually provide to them a workflow and we can route it for them to the right individuals in the organisation to make the decisions they need to make their business most effective. All of that is done in a very secure way using our firewalls and protocols to make sure that they can only see the information they're supposed to, down to the individual employee within that company and no-one else can see it.

So we're a company that has a strong background and history when it comes to the processing of information, especially from a paper standpoint and this is how work happens within businesses. We have the capability to take that and do it for a company from a digital standpoint as well.

Now all of those industry trends are fairly positive for Recall and we're quite happy about that and it's a nice place to be. There are challenges as well. We clearly have a demand for talent and when Dick says, that it's frustrating to have to go to the outside to bring in someone for a role. But as we see ourselves expanding, this is a key challenge that we have, is having the appropriate talent in the right place at the right time. So you've heard several members of the team talk about training and talk about the development and talk about the standards we put in place from a recruitment standpoint so that when we make that hiring decision, we get it right the first time.

The pace of digital evolution, now there's two parts to this. The pace of digital evolution is partially the pace that your company chooses to move and evolve into a more digital workplace. But the other part is the technology that's changing and expanding every day. So what we have to do is we have to provide flexible solutions that are still mainstream, they're not bleeding-edge technology, so that they can work with you whether you're very comfortable if it's just paper, somewhere in the middle or fully digital. The products that we provide from that standpoint are focused on the ability to be able to evolve from one level of technology and desire to the next.

We talked about the spending that we're going to be doing in the IT area and this is about scalability. So our systems today manage what we have, but we've talked about we want to be able to grow our business and grow it at a fast rate. Dick, I think that's what you said you were going to do, right? Because Tom wants you to keep your job, yes. So as Dick brings on new customers, the systems have to be able to scale with them and be able to handle all the new volume that comes on board. So this is critical for us. It will also reduce any errors caused by systems and it will reduce the challenges and the costs we have today to do things manually. Some of the solutions that we provide to our customers today we use as well, but there are things we need beyond that.

The unvendored segment. It's this large thing, two thirds of the entire business is unvendored roughly and it sounds so simple to go out and get it. But our entire industry still has two thirds unvendored. So for us it's bringing on the right sales professionals who are focused on the smaller accounts and when Dick showed his slide of the organisational structure, he has a team focused on smaller customers and those customers who are unvendored and a way to segment and target that market more effectively. Brand awareness, sometimes I think we're a great secret. We've got to do more internally to make our name better known and one of the things Mark talked about is having a customer who raves about your service. That's great, but we have more work to do beyond that. So one of our challenges is finding a way to invest in our brand and increase the awareness of it. We have some plans of how we'll do that over time.

Within Recall, we have many profitable growth opportunities and as we've spoken with you today, a lot of our attention has been about business excellence and business excellence is what we've done. Hopefully you've gotten a sense that our attention has turned more and more to growing our business profitably. Now we'll never take our eye off business excellence because it's the foundation we work from and we have our black belts and our teams and folks like Dan and Tim who are focused on continuous improvement, being more cost effective and more productive day in, day out.

But we've invested in the sales team to go after some of the profitable growth opportunities that we see. In the slides that both Alison and Mark showed you and they were fairly consistent both globally and within the North America business, when you think about the organic growth of our annuity streams. So we have customers today who keep records with us and they tend to continue to grow year after year. That's a great growth opportunity for us and one that we don't take for granted, but it's something that we do expect to continue. In addition to that, there is that unvendored segment and we've talked about focusing a team on converting the unvendored because it's another great way we have to grow our business.

Another item that we can do is many of our customers only take one of our services today. So how do we effectively, with the sales team that Dick has put in place, how do we effectively cross sell? So if a customer is taking secure destruction services today, how do we get them to entrust to us their document management needs also, or their data protection needs, or a new digital solution for them?

We are also following our global customers as they expand around the globe. We're willing and able to go with them. We will move into those new markets as they make sense and we'll do that from a partnering approach with our customers. We have spoken a little about the digital expansion and that's something that we see as a key growth area as we move forward. We talked a bit about the best practice sharing of taking services that are successful in market A and putting those into to territory market B. So clearly another way that we have to grow our business.

Finally, we spent the last two to three years focusing on our core business and making it better and more solid and calling that business excellence. We're in a position now where if we see an opportunity, we'll consider it, whether it's opportunistic or it's strategic, to move into and to fold into what we have today, another company. So these are things that we'll be looking at as well. They key point there is that business excellence as a foundation allows us and supports our move into profitable growth in all these different ways.

I want to thank you for your time and your attention this morning. I realise for many of you it's a different time zone and you'd probably be in bed at this time and hopefully we didn't put you completely to sleep and I hope that you'll take away from this that we are pleased with our financial results for FY10 and we look forward to FY11 as well. We'd love to see the economy improve, I think that would be even better as we look at FY11. Hopefully you walk away with a sense of comfort regarding the turnaround of our North America business. Please, as you see some of our folks tomorrow at Fontana on the tour in the afternoon, get a sense there as well. I hope that you see that we're very much focused on profitable growth.

So with that, thank you and Tom, if you'll join me, we'll take any other questions.

Unidentified Participant

Just curious, when you see a customer typically moving from physical to digital, how have you seen the revenue and the profit for customer change as they make that migration?

Mark Wesley - ***Recall - President North America***

I think it's pretty tough question to answer because it depends on what portion of their business that they're converting, how much of the business they're converting. But I mean the digital business for us is a very profitable business. We have no reason to not move them because one business is more profitable than the other.

Unidentified Company Representative

One of the nice things we see is if the company switches to more digital than physical, they don't tend to get rid of their archives they have to date. So their existing holdings tend to stay in place. It becomes more additive than anything else.

Unidentified Company Representative

I think often it's probably fair to say that just the capital intensity of the two businesses is quite different. So the return on capital of a non physical business is significantly higher and the objective here is how do you make that digital business a larger portion of the total.

Unidentified Participant

I was wondering if you could elaborate a little more specifically about your growth prospects for the business overall, looking out over the next three to four years. So there are a number of ways to cut it, but how fast do you think the different segments of the market will be growing, either by region or by segment, GMS versus SDS, et cetera, you have a competitor that's four times as big as you, do you think you can grow faster than them or do you expect to grow in line with the market? What are some of the investments you need to grow faster than some of your competitors?

Unidentified Company Representative

Well maybe we'll split this, I'll give you the Brambles view and then we'll get more specific if you like. First of all, you made one comment about the size of the primary competitor, but I think you do have to look at the footprint differences. So clearly when you look at Iron Mountain, their footprint in the North American market is significantly larger, but when you look globally and you look at what Recall is able to deliver for our global partners, it actually far exceeds what you would consider their normal sizes, sort of a $700 million to $800 million business. So I think that's a huge competitive advantage for Recall as we look to manage portfolios for our customers on a global basis.

In terms of growth, what we indicated when we gave our earnings releases that we would get growth in every one of our markets around the world, so each one of our businesses is how we're referring to that. So CHEP Americas, CHEP EMEA and CHEP Asia Pacific and of course Recall as well. The other indication that we've given is that the major economies that we participate in around the world globally, we're not seeing a lot of organic growth coming from those markets. I think what you've heard today and consistent with what we've said is that the pricing environment in all four of our businesses continues to be somewhat subdued is the terminology that we've used. So we don't see a lot of pricing opportunities. Elton and his team touched a little bit on some of the pricing we're able to get in FY10. So the growth for us is really going to come from what we refer to net new wins or market share growth. I think you're going to continue to see that in Recall in FY11.

We're committed to investing and we said that, I think Alison showed you today some of the absolute numbers in terms of capital. But what we've said publically is that our CapEx would come back to a run rate that looks more like FY09 than it did in FY10 and 25% of that increase year on year would be really going to Recall. So we are funding Recall and a portion of that is around funding growth. So we're optimistic about the growth of Recall in the near term. I don't know if you want to be more specific than that.

Unidentified Company Representative

So I guess a couple of things beyond that. A key reason why we've seen secure destruction volumes where they are is tied to the economy and we believe that as the transactional portion of businesses comes back, that we'll see that pace pick back up. So we're cheering for the economy to get back to what we would call normal, if you would.

Finally, I guess Dick said he didn't come on board to be mediocre and we're not investing like we are from a sales standpoint to maintain our current growth rates. We think that there's an opportunity in our markets and we think that customers value the services we provide and Mark talked a bit about the competition and how we sell differently and provide services differently than they do. We see that as a key way that we're going to grow going forward.

Unidentified Company Representative

I think just from an expectation standpoint, may be just to close on this point is that our expectations for Recall's performance this year are quite high. I mean you've seen the trend and this team here and what they've been able to do over the last three years, this concept of really fixing the business and business excellence. But we're really we believe now in a phase of delivery and we expect that this business can really continue to perform very strongly in the near to medium term and that's why we're putting the capital in the business. We expect that that capital is going to give us a very strong return.

John Guadagnuolo

On this growth and capital intensity question and it's been touched on a couple of times, if you say, okay so you're investing into the sales team so you're expecting your rate of sales growth, if you like, to accelerate? Is that a--

Unidentified Company Representative

Yes.

John Guadagnuolo

You're spending capital to facilitate that, so when should we expect to see -- you mentioned CHEP's return as a sort of a high water mark, when do they converge?

Unidentified Company Representative

THOMSON REUTERS

Well look maybe can we both -- this is why I'm up here now, is to protect the answer. Look--

John Guadagnuolo

I don't mean one goes down, either.

Unidentified Company Representative

No, that's the second part of the afternoon, they're going to -- that, I can guarantee, one of them is definitely going to go up here. Look I think they're two different businesses as you know, they're quite different businesses and they have quite different physical characteristics, therefore they have quite different financial characteristics and that's to be expected. What I think you've seen here that we're pretty proud of, the Recall team, is that we're now in a position where it's VBA positive and so they're returning more than our cost of capital and I think that's step number one.

Now I think what you want to see is to continuing to expand on value of creative opportunities, so rather than just saying okay we're going to take the returns on this business and migrate them to a CHEP level of returns on capital, what we really want to see is continued profitable growth. So we're returning more than our cost to capital and we want to growth the business. So I think you put those two together, you know that we're not going to say by Thursday of, you know, 2013 we're going to have X or Y, you can write it down, but that's not -- what we're trying to indicate here is that the business is in a better space today than it was two or three years ago. It's earning its cost to capital and we believe we have valued creative opportunities to continue to invest capital in this business. That's really the message that you should take away from today.

We want to see an improvement. The real thing I think is also obvious here is -- and this goes to what Dick is doing and it goes to what Jason's doing -- the ability to leverage the business is now important to us, is that we put some things in place that are this idea of scalability in growing the business without adding fixed costs, putting systems in place that allow us to really better utilise our people.

One thing Elton didn't mention I think when we talked about the SDS business, you showed the real focus on controlling cost, but we also restructured the Recall business in FY09. When Brambles went through a fairly significant restructuring, most of those people came out of the Recall business and the CHEP EMEA business. So it was an opportunity for us to get a better handle on our cost. The art now is to grow the business without adding the overheads and that's, I think, going to be the challenge going forward.

Unidentified Company Representative

So I will apologies for my competitive nature. Internally to manage a business you say, look at your sister company, we want to aspire to be like them. We want the CHEP business to continue to do very, very well and to grow, but for us it is a different business than the CHEP business and I think that our returns today, for the type of industry that we're in, are very, very competitive, but I think we still have room to grow.

Unidentified Company Representative

I think absolutely agree that you have to -- first step one is to return your costs to capital, but you have to exceed that and there's opportunity for us to improve here, without a doubt.

Cameron McDonald - ***Deutsche Bank - Analyst***

Just a follow on question to that, Tom the capital investment decision that was made to invest in Recall and you mentioned before both businesses have got the same hurdle rate from the capital allocation decision, is that decision based on effectively, assumingly it's based on the incremental CapEx rather than the existing business performance?

Tom Gorman - ***Brambles - CEO***

Absolutely, so you're making the decision on the margins, so the capital that you're putting in place, it has to return greater than your cost of capital for that investment decision. But that's your question?

Cameron McDonald - ***Deutsche Bank - Analyst***

Yes, so it's on the incremental?

Tom Gorman - ***Brambles - CEO***

The answer is yes.

Cameron McDonald - ***Deutsche Bank - Analyst***

Presumably the hurdle rate is not the cost of capital, there is a hurdle rate above that cost of capital?

Tom Gorman - ***Brambles - CEO***

Most of the way companies do capital allocation is when you have a limited amount of capital, so you can set the hurdle rate significantly above your return on capital and that is a way that you allocate. Now you have to take into effect risk and everything else when you're making capital allocation decisions, but I think it would be safe to assume that the returns that we're looking for are well above that.

You also should know and this is no different from any business around the globe, is that returns on capital differ by region, by business unit, by product mix and so forth. So it's not that every piece of our business has the same exact return. So what you try to do obviously is to grow those that -- if you can de-risk your business while growing your value, for our shareholders, that's the ultimate thing that we're trying to do.

The stuff that we're doing next year is very straightforward in terms of our facilities and so forth because we have growth prospects, we have growth expectations, we're managing our capital very efficiently in terms of capacity utilisation. I think Elton and the team touched on that, vis-a-vis rack capacity and footprint capacity. I think the difference, if you want to say there's a little bit of a difference in the FY11 plans, it's really around now stepping back and putting a better IT foundation in the business over the next couple of years and that goes, as I mentioned to you at the break Cameron, it really goes to this idea of scalability. Can we grow this business and if we're going to grow it efficiently, we really have to have better systems on place, not just on the sales side, but on the operations side, on the finance side, all of our systems really need to be strengthened and sort of unified as opposed to the hodge-podge of systems that we've built up over a number of acquisitions.

Unidentified Participant

I'm actually -- what I'll ask probably be very naive. I've been looking at and following Brambles for a long time, my boss really loves your company, but typically I've always looked at the CHEP side of the business because I always, you know, Recall always seemed to us to be tremendously subscale. It's very nice to hear all the arguments being placed today about the opportunities for growth and the fact that you're pretty serious about it.

Having said that, it still begs that question that how do you get into scale? The scale makes a difference first of all, that's something that I'd like to know. How do you get into scale because as somebody else pointed out, Iron Mountain's four times the size. Does it make a differences? If you are growing, most of what I've heard from you today is you're talking about unvendored opportunities and focus on growth in that, is that the only scope for growth or is it going to be acquisitions? How do you get to that scale to make this a truly doable competitive business?

Unidentified Company Representative

Well maybe I could touch on a couple of things. I think that look, it is a good sized business today and one of the challenges, when you look at it within Brambles, there's a portion of Brambles that's 80% which is the CHEP global business and then there's 20% which is the Recall global business. So a little bit of just you kind of think of Recall in that way just because you compare the brother and the sister or the two siblings together; one is a little bit larger than the other.

I think when I look at the Recall business, if you look at the business fundamentals, the business fundamentals are very strong and I think we've tried to demonstrate that today. It has a very sticky feel to it to when customers join us they tend to stay with us for a long period of time. It has a beautiful annuity feature to it. We bring real value to the customer, so the value proposition is very real. There's a trend, all the trends that Elton mentioned and talked about at the end, particularly a move towards outsourcing, a move to understanding the space of business process outsourcing, we're really moving with Recall. There are a lot of opportunities here to continue to growth the business.

We have one other competitor and that competitor, as you correctly point out, is significantly larger but that doesn't mean that there's not a lot of space to grow. My view of what Recall has been doing is a little bit of both, winning the unvendored space, but we also win market share from our competitors. So you will see a net in our wins and losses. There's a lot that is unvendored. But there's also where we've gone out and for all the reasons that these guys have mentioned today, we're more flexible, we're seen as very innovative, as the number two in some ways we try harder and respond to the customer in a better way and we're able to win share from our competitors as well.

So just because they're larger than use, we're still a solid number two player and we see growth is going to come both from winning market share, from winning space in the unvendored market and we did touch on this, albeit very briefly, if there are opportunities to acquire businesses where the footprint makes sense for us and the customer base makes sense for us, we would also consider that. So that's really where the growth is going to come in those three buckets. Taking share from somebody else, converting the unvendored and then as appropriate, building on with an acquisition if we think that fits the model well for us.

Elton Potts - *Brambles - Group President & COO*

I'll offer one other thing that comes to scale. As an investor, clearly you're looking for scale in terms of us growing the size of our business relative to the overall Brambles piece. I'll look at scale from the other standpoint. We're not disadvantaged in our marketplace. So one of the examples that we gave was one of the largest financial institutions in the world, who globally has elected to use Recall as its records management provider. So from a scale standpoint, we met their needs. So I'll look at scale slightly different than the way that you're coming at it, but we like where we are and we plan to continue to grow the business.

Unidentified Company Representative

I think that's absolutely, Elton, that's a great point, because I was coming from CHEP is here and Recall is here in terms of size, but as the customer sees the Recall business, we have a great global footprint with great market coverage and we have a suite of services that allow us to deliver value on multiple different fronts.

Unidentified Participant

Elton, as it pertains to the brand, Recall faces -- it's not a household name. What is the vision as it pertains to the Recall brand, number one? Number two, what do you see as how that goes back to the issue of scale? I mean how much of that relates to your penetration within the broader enterprise market?

Elton Potts - *Brambles - Group President & COO*

So look, we have lots of different things that we want to spend our time and our resources, our scarce resources on. The approach that we're taking today from a brand standpoint is the one that is let's invest our money today in things like the sales force that not only can they make the potential customers aware of the brand, they can also bring something home pretty quickly with them.

Over time, we will see some other and we're increasing it today, but at a slow pace, we'll see some other investments being made into brand. But for now and in this economy, it's much more prudent to take the approach that we're taking.

Unidentified Company Representative

We are, it's a B2B industrial service that we're selling here, so you're not going to see -- we're not going to cut television ads here with Elton and his team. You're not going to see that. But I think if you look at even the subtle things that we do, how we brand our trucks and the vans and market our presence in the specific trade sectors that we need to be present in and also the relationships that we establish, there is quite a bit of word of mouth and soft marketing, if you will, that is helping the team. We don't spend at the same level as our competitor, we know that. But I don't think that, to date, has been a hindrance for where we want to go. But clearly it's something that Elton and the team want to push more aggressively and will do that, but we're going to do it in a measured and disciplined financial manner.

Unidentified Company Representative

I might just ask James, if he's around, maybe just to come up. What James will do is just give us the logistics for lunch and then we'll go, we'll take it from there to coming back and then focusing on CHEP. But just again, on behalf of the entire Brambles team and I know for the audience today, you're going to get time with Recall management obviously at the break and during lunch and then tomorrow as we tour their site. But just thank Elton and his team for taking us through their business and spending their morning with us. Thanks guys, appreciate it.

Unidentified Company Representative

So thanks everyone. Lunch is served directly outside, there's some tables set out. It's a buffet style. Looks like a good spread they've got for us.

00 sharp and Jim Richie and his team will take us through CHEP Americas business. Thanks.

PRESENTATION

Tom Gorman - ***Brambles - CEO***

We'll just let people kind of wander back in and I hope everyone enjoyed lunch. It was both a positive and a negative for me. If you were watching I did have both carrots and broccoli and then I had two scoops of ice cream and loaded M&Ms on it. So balance is everything in life, I think.

Again, just to thank you for this morning and the focus on the recall business, and now we're going to shift the focus for this afternoon to the CHEP Americas business, as we indicated earlier. So without any further ado, it's a real pleasure for me to introduce you, to take you through the afternoon session on CHEP Americas, a good friend of mine Jim Ritchie.

Jim Ritchie - ***CHEP Americas - Group President***

Thanks Tom. We're going to go through the rest of the afternoon talking about CHEP Americas and that will actually spill over into Friday morning, and Friday morning will have Mike Dimond here to talk about the business in Canada, Arturo Cabrera to talk about Latin America and Karen Hempel will finish off on really more specifically around the SME targets, and how we're going about attacking that market.

So today there's a couple of themes that hopefully you'll take away. First, we're going to talk a lot about delivering on our promises and meeting our promises to customers. That's critically important for us.

The second theme is really about making sure we're building a foundation for success, and it's not just success in any given year, but we're really looking at the business and the things that we're doing in the business right now as the long-term endeavours that we need to make sure that we've got a very solid foundation and platform.

Then lastly, that theme is around how do we transform and really become that high-growth organisation that we believe we can be within CHEP in the Americas.

Now let me be a little more specific. We're going to talk about the Better Everyday program and we're going to get relatively granular in that and we're going to talk about some of the initiatives that were embedded within that Better Everyday program. First and foremost, we're going to talk about product quality and we'll take you through some of the rigour and the business processes and discipline that we've put in place to make sure that the product quality that we have in the business today is maintained in this business or continues to improve in the months and years ahead.

We're going to talk a little bit about some of the innovation that we're bringing to the business and we'll take you through some evidence of different things we're doing to really drive innovation and new thinking into the business that certainly hasn't been there for some time, and granted relatively new.

We'll talk about ease of doing business and what we've done in the last 12 to 15 months to really improve how we become easier to do with business with customers. Then lastly we'll talk about our sales organisation and how we modified the organisation to get closer to the customer in order to become more responsive and to give the customers what they need today, as well as what they're going to need in the future.

So as we prepare to do that there's a couple of things I'd like to note. I'm not going to talk all that much. I think it's more important that you all get a chance to see the team, the team that's really making this happen. So I have a few opening comments and then we're going to walk through some of the people that are on my team and direct reports of mine but also down through the organisation at VP level and at Director level, so that you get a chance to hear from people at different levels in the organisation that are really spearheading some of these key initiatives that are helping us stabilise and then propel our business going forward.

More importantly, it's the team that's making it happen. We've got over 300 people that were involved in executing on the Better Everyday initiatives. They all could not have been here but I've been blessed with a very, very, very talented team.

So for those of you that I haven't met, I'll give you a little bit of my background. This is the third job that I've had in my lifetime. So I'm not exactly a job hopper. The first job was with Ryder in their Innovative Logistic Group. I spent 23 years at Ryder and ended up running their Consumer Products and Retail Group within the Logistics Business Unit.

It was a great proving ground and training ground, because you got to run those businesses as if they were their own independent businesses. I left Ryder and moved to a company that's now known as YRC Worldwide, which is a large transportation, primarily trucking, organisation. Eight years ago we started and launched a logistics company. I was employee number eight and we were a high-growth organisation and we were able to grow that business to where we doing business in 43 different countries and had 5700 employees before I left and about $1 billion in turnover in a seven year period. From there I've come to CHEP, which has been very, very exciting.

So when I came to CHEP there was a couple of things that I think I want to share with you as to why. Clearly, it's a just that had its challenges, and I called a number of customers before I actually started. Two weeks before I started, I started calling customers, introducing myself - it had been announced - and asking for permission to not come see them right away because I really needed to learn and understand the business and we really needed to put processes in place to help propel and improve the business.

One of the customers said, if you were looking for a tough job, you found it. I've got to tell you it has not been easy but it has been extremely exciting and it's been very easy to come to work every single day, because what we're doing is a tremendously exciting part of the business and it's been a tremendous amount of fun.

But what attracted me to CHEP and to Brambles is that this is a business that has a history of success, not just success financially but success with customers, but from a supply chain perspective. When CHEP came to the US, as well as the rest of the Americas, it changed the productivity matrixes in terms of the supply chain and how well products move through the supply chain. It has a material impact.

So it was a tremendous successful business model that I was able to come and have some role and some part in. We also had a presence from a pallet pooling business. We really have a very strong presence in that business. We certainly have competition now, and that's great. But we've got a very strong presence and I think, by any accounts, if you look at our customer base it is a customer base to die for in terms of the Fortune 500.

So having the opportunity to interact with those customers, many of them I'd had an opportunity to interact in my past lives. But certainly to get re-engaged with those, with somewhat a slightly different business, has been a real joy and a pleasure and something that was very attractive to me as well, because you certainly want to make sure that you have a business that can impact the kind of companies that we're doing business with, and that's certainly been true.

I also looked at key leaders that we had. Oftentimes when you come into an environment, and let's face it, the business was not performing as well as you would have expected, certainly not as well as Brambles would have expected, and not as well as the people that were working in the business would have expected.

So there was a lot of things that we wanted to get done and a lot of changes that we wanted to make. Part of that foundation is you want to make sure you can lock in some real key experienced leadership. Do you have to make change with some of the leaders? You do. But do you want to change all of them? You certainly don't. You want to make sure you've got a nucleus of people and talent that understand the business that you can build from, and I think we have that. You'll see with some of the folks that will talk to you today as well as on Friday.

Then the other thing is I talked to a lot of employees. I wanted to really test the passion, the passion that they had for the business. I was overwhelmed in light of, if you think back 15 months ago when I started, in light of a lot of the challenges that were going on in the marketplace and a lot of the impacts to their business, this was a group that was working really, really hard but their passion for the business and their drive to succeed was very strong.

So those things kind of measured up for me as something that became a very attractive opportunity to come to this business. I've had zero regrets in doing so. Now what happens is success, as this business had been successful, creates some blinders. When we had few competitors we had a very successful model. Revenues were skyrocketing, profits were moving right along. I think sometimes if you read Jim Collins book, his second book - Good to Great was a fantastic book. His second book is How the Mighty Fall, and one of those indices in terms of how those mighty companies fall is that when they're successful they stop taking risks and they stop taking chances. That breeds and speaks to innovation for me.

So it was real important for me that we understood where our customers were at and not only were we not meeting the expectations of the customers but those expectations were changing. So that gap was getting pretty long and pretty wide.

So it was important for us that we launched a comprehensive program to really kind of drive some step change improvements in the business. We couldn't do that without having people that were really, really passionate about it.

So one of the worst things you can do is continue to deliver a standard and level of service that you think your customers expect, when they're really expecting something different. So with the needs of our customers changing we had to be in a position to respond. Now to put this into perspective this graphic is similar to what you saw in Elton's presentation but this is just CHEP. So it does not include - it's not a Brambles view because it does not include recall.

But the Americas business is a substantial business. We're 45% of the revenue within CHEP. We're 37% of the profit and 36% of the free cash flow. Albeit we have to recognise that the profit levels of the business in FY10 were not what we wanted them to be, but we are making the strategic investments in the future that were really required. So it is a large business that has a material impact on the overall Brambles portfolio. If you look at simply the revenue, we're approximately 37% of the revenue of the overall Brambles portfolio.

So some of the challenges that exist. When we came into the business 15 months ago some of you may remember there was a large project and we were doing a comprehensive USA review. We hired a consulting company to help us with that and I kind of parachuted right into the middle of that, which was a great advantage for me, because a lot of the groundwork was already being done.

But more importantly, what you find sometimes is that a lot of the solutions and a lot of the answers were really developed by the individuals that were there working every single day. The consultants were then creating new Powerpoint charts with the same answers.

So what we quickly did is we quickly kind of wound down some of that work and we took the best of what they brought to us, and we took ownership of that project and really ownership of developing what our solution and our recovery plan was going to be.

But it was really about balance. If I look back a little bit in time, which I don't really like to do, other than it's a great learning opportunity, I think this business experienced terrific growth and you could almost call it borderline out of control growth. Then as we changed leadership we brought in very engineering driven leadership that became very, very focused on process discipline and control, which is exactly what the business needed, probably in both cases.

But it swung that pendulum from one side all the way to the other, and I think what we really need in the business is balance, balance for the shareholder, balance for the customer and balance for the employee.

So that's what we've tried to do, is to bring that level of balance back into the business, knowing that we've got to create some additional investment but ultimately we've got to remain in balance. That's really what our leadership style is about, is making sure that we remain in balance. If we skew too far one way or the other it has detrimental impacts on the business.

Let me tell you what I mean by that. If we skew all the way to the customer and we give them a gold-plated platform that never dents, dings and they don't have to do anything with it, they'd be thrilled. But we wouldn't make any money. So we're not doing the kind of things - it's not a hobby for us, so we want to make money and you want us to, right.

So it's one of those things that we want to be able to make sure that we have a balanced approach, because the customer could be very, very happy but if we're not making the kind of returns we need to, then our investors aren't happy. That's critically important to us as well.

We also have the risk of swinging the other way, that if we don't do the right things in the business and make the right investments, very short-term thinking, while the investors may be happy I believe it will be short-lived because if the customers aren't happy then you put your business at risk. So balance is critically important.

Now I would love to see some economic wind at our back as we kind of stabilise the business through FY10, and we're really getting ready to set our sights on some exciting stuff in FY11 and FY12. Unfortunately, I can't see it from where we're at, and we look at it every single month. We look at our customers and the numbers and we just don't seem to see any economic wind at our back right now. It's just kind of balancing on the bottom. Every once in a while you'll see some encouraging news in the press and then you'll see something to counteract that the next day or two days later or three days later.

So we're not counting in the economy to kind of help us get to the point where we need to be in terms of setting us on the right path. So we're taking those matters into our own hands, and we'll talk about that.

Certainly, the competitive landscape is a lot of fun to talk about, and we do have competitors. It sounds somewhat insincere when you say it but, believe me - I believe it in my heart of hearts - competition makes you better. Competition is critically important. It keeps you innovative, it makes you better.

Now you may not like it sometimes but ultimately you'll never become complacent when you're in a highly competitive environment, and we're in a highly competitive environment now, and I think that's a good thing.

When we talk about innovation what I really want to get back to is one of our core values, you heard earlier, is all thing begin with the customer. One of the first things I did is I talked about our core values. We've got to let our core values guide us. In some cases you've got to be able to make decisions that are hard decisions, even when it comes to customers. You've got to know when to draw the line. If you're not bringing the right kind of returns, you've got to know when to draw the line with those customers.

We've lost a couple, and that's not necessarily a good thing for us. But you know what? We can look ourselves in the mirror and say we did what we needed to do every single time with those customers. They made their decision. It's unfortunate but we can certainly talk about that a little bit more as we get into breakouts or whatnot. But it is important that you know that there's a limit to where we'll go in order to retain a customer and there's some lines that we just won't cross.

Now let's talk about what we have gotten accomplished. Delivering on Better Everyday. We made some pretty bold statements and it was my first chance to meet most you on 7 October and a few days after, where we made some pretty bold statements about what we were going to go in terms of improving the quality of our product, becoming easier to do business with and getting closer to the customer.

Now what you didn't know is that the rest of the team built a plan with 23 initiatives, each initiative having an owner and every two weeks that progress was reviewed with me and Scott, who headed up our Governance Committee, to make sure that we were progressing against every one of those initiatives.

Some of those initiatives were as simple as objective alignment. Why would that be important? It was important that the first thing we did was gather the entire organisation and we realigned all of their objectives towards delivering on Better Everyday. So that we didn't have anybody going in different directions. Everybody knew what had to be done. Somewhat basic but it was something that we needed to get done and hadn't been done in a long time.

So we delivered on those promises with Better Everyday. We've had major improvements in our customer retention. In fact, if I think back on it over the last 15 months, there's two customers that we know about, you guys all know about, but that's been it. Kraft, which was a decision kind of already made and then ConAgra, which was just recent, where we've lost a portion of that business.

But major improvements, and Karen will take you through some numbers in terms of what we've renewed in contract renewal business and we'll share with you what that number is, and every one of those contract renewals I can assure you have been hard fought, competitive opportunities where we've been able to win that business.

I think a lot of you have either seen or talked to customers and certainly I was asked at the cocktail party last night what would the customers say about quality? I think they would say keep doing what you're doing and that they've seen a significant improvement.

Now if it were me, I would never say I'm 100% satisfied because I'd want to make sure I kept my foot on the back of your neck and that you continued to deliver on what was required from a quality standpoint. That's absolutely fine with us. We know we've got an obligation to meet with our customers, but we've seen significant improvements - I think you all have probably gotten a taste of that as well, and certainly when Kim gets up to talk and Tom O'Riordan you'll be able to talk to and ask questions of the people that actually made it happen.

Our ease of doing business, our simplified invoice from 17 pages to one, is now being rolled out in the business. We'll talk a little bit about Portfolio+Plus. We'll also talk about new products, where we'll talk about account intelligence monitors that makes things a whole lot easier for customers, and new services, and Karen will talk about some new services that we've introduced in the business in the past 15 months.

From an intimacy and insight standpoint with our customers I can assure, although we're not going to talk a lot about it at this meeting for a lot of competitive reasons, but the insights that we have now with our customers and the amount of detail that we have now about what our customers want from us and what they will want in the future is unlike anything we've ever had before, and it's truly exciting when look at that as a road map for us in the future, to make sure that we align ourselves with what the needs of the customers are. It's more detail and information than this business has ever had in its history.

So the team - and you can see this on your chart, but there's a couple of things I'll point out. Mike Dimond's been with the business 22 years. He's running a great business up in Canada. You'll have a chance to hear from him. Fair warning, you ask Mike a question you'll get an answer, you won't get any sugar around it, it will be direct and blunt and you'll get what you asked for. If he's not going to answer it, he'll tell you that too. So we'll just give you fair warning on that.

Arturo Cabrera, 14 years down in Latin America, really a great opportunity for us as we continue to look to grow the business. Melissa Koch is here. She's our General Counsel. She's been with the business five years. Bill Pregliacsco, who is not here, is a nine year veteran and before that was 20-plus years at Frito, you know, real solid supply chain guy.

We brought in some new people. Scott Spivey, who's been here about two and a half years now as our CFO. He'll go through his background and explain it to you, as all of us will do. Kathy Harris we stole from Elton's team, and Kathy has joined us as our Senior VP of HR, a great addition to the team, happy to have her. She's been with the Brambles Group since '08, as you can see.

Then our two newest people, if you recall last time I met with you in October I was President of the USA and then have since been given the responsibility for all the Americas. Rather than replace the President of the USA role, I bifurcated that role and we brought in a Chief Operating Officer, which is Tom O'Riordan. Tom's been here eight months - and Karen Hempel as our Senior VP of Sales and Marketing, who's also been here eight months. I tricked them into starting on the same day, so they've been both here for the same amount of time.

You'll get a chance to hear from both of them today, and certainly you'll get an opportunity to hear or to speak to them tonight at dinner, on the site tour, and certainly at other points and times. I encourage you to do that. Some real seasoned executives.

Below this level we also made some changes in the organisation where we flattened the organisation, we looked at where people were located and we needed to make sure that we got more people out into the field and fewer people in Orlando. The business seems to be very Orlando-centric and last time I checked we had the walk-in business covered there so we needed to be out where the customers were and we needed to make sure that we were able to be able to respond as effectively as possible.

So let's just talk about management philosophy to give you a sense of who I am. First and foremost is that I believe that the best teams that operate out there, and it is a team environment, but the best teams recognise that it's about human capital.

I've got a coach who coaches me and he keeps reminding me that we're not in the pallet business or in the container business, we're in the people business, because at the end of the day it's the people that you can attract that are going to really propel this business forward. That's why I wanted to have a chance for you to see and hear from a lot of the other people in the organisation, which you will have today as well as on Friday.

Good teams also find a way to simplify the complex. When I came to this business even being in the supply chain business my whole career, from a pallet standpoint you didn't really think about it all that much. So when I came into this business it was incredibly complex and we've been working really, really hard to simplify it. I think in some cases we were proud of the complexity. In other cases we needed to take the nomenclature that we've created and invented in the supply chain and we just need to come back to standardised terms, standardised processes and just get back to a lot of the basic fundamentals.

Everything we do must have value. We preach that, day in and day out. Everything we do must have value for us and the customer. If it only has value for us, and not for the customer, we need to try harder because we've got to continue to create a value proposition that's strong, that's not price driven.

Second to last is perhaps most important, and under Tom's leadership we've been trying to continue to fulfil that philosophy as well, which is all around keeping your promises and also can be loosely translated as say less and do more. But really about say less and do more, and that's really what we want to do.

I know that in this business we've gotten out in front of our headlights a little bit and we've talked about things that we were going to do, and we want to be really, really careful that we talk to you about things that we are doing and not necessarily going to do. So we're going to be somewhat careful and cautious about that.

Then lastly, it's about making this business exciting. This should be a fun job, it should be a fun place to come to work, and we've got some real momentum in the business, and we got a lot of excited people that are coming to work early, that are staying late and they're really putting forth some tremendous efforts. As I said before, I couldn't be prouder of the team.

So the key themes. Executing against our promises, building the foundation for success and then transforming for future growth, okay.

Scott Spivey's going to come up next and take you through some of the financial components of the business. When Scott is done we'll have a Q&A session and then we'll take a break. So that's the role of the next hour or so. Scott.

Scott Spivey - ***CHEP Americas - SVP and CFO***

Thank you Jim. Good afternoon. I enjoyed getting a chance to meeting several of you last night and talking about the business and learning more about you and, hopefully, over the next couple of days we'll have more time to do that in addition to the Q&A today.

But first of all, let me give you a little bit of background about myself. I've been in business for over 30 years, in a lot of finance related roles and some operational roles. I've been involved in a variety of industries. I first started in my career with General Mills, the food company. I spent about 10 years with that operation. I moved over to the beverage sector, working with Pepsi. Spent about eight years in that organisation in a variety of field based finance roles.

Then I spent a couple of years in the footwear industry with Stride Rite Shoes. Then prior to joining CHEP I spent eight years in the telecom industry, with BellSouth the regional wireless and wire line provider. The last role that I was in prior to joining CHEP was Vice President, CFO for their advertising and publishing business.

I joined CHEP, as Jim mentioned, February 2008 and although there's been a lot of activity and change going on with CHEP it's really been a fun ride. The business is just an organisation that's built around passion. Everybody loves the business and I've just enjoyed participating and being a part of the change that we're going through.

the size, what countries we operate in, what products and platform we currently operate on and where we're going with that. I'll talk to about our customer size and the variety of customers that we have, and also spend a little bit of time talking about the market sectors that we operate in.

Then I'm going to spend a lot of time just going over some of the key operating metrics that we look at when we manage the business and just show you some of the things that we're doing to try to improve our operating structure as we go forward. But more importantly, though that I'll also be talking about the overall performance of the business over the past several years in particular and FY10.

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This chart just kind of outlines some of our business units that we operate in, as well as our products that we serve right now. We operate in seven different countries across North and South America. Obviously, the United States is our largest country, with 71% of our revenues, followed by 13% of Canada. Mexico currently generates about 7% of revenue and Brazil about 3% of revenue. Both Argentina and Chile about 1% each.

We also have a small start-up operation in Guatemala in Central America and then we also have two other product lines or service businesses that we operate. One is our Catalyst and Chemical Container Corporation which provides specialty containers for the petrochemical oil refinery industry, and that represents about 3% of our revenue. Then as you know, we acquired Lean Logistics in 2008, which is a software based transportation solutions provider.

Dan Dershem will be here on Friday. He's going to talk about where we're heading with that business and how it contributes to Brambles overall.

Just for some perspective, we have about 2000 employees across the Americas and obviously we work with quite a number of third party operators to manage some of our operational elements of the business. We operate in over 440 different service centres or TPMs or other facilities to conduct business across our region.

When you look at us from a product standpoint, clearly our growth in the Americas has been dominated by the pallet platform. It's 96% of revenues and we've been able to create a very big business through that. Clearly, there's opportunities to explore other platforms and I'll talk about that in second.

But if you look at the pallet platform and the United States and in Mexico and Canada we operate off a 48 X 40 platform and when you look at Canada specifically they use primarily a hardwood stringer, four-way entry platform. They supplement their pool with 48 X 40 block pallets coming in from the United States or Latin America under load, so that helps augment their pool.

Chile, Brazil and Argentina operate with a 12 X 10 platform, which is the platform commonly used across Europe.

But again, we've had great growth when it comes to our pallet business but when you look at us compared to the rest of the CHEP globally, where they have a more diversified set of platforms, whether it be RPCs operating in the automotive business or IBCs.

So as mentioned, I think, in the earnings call, we are going to shift our focus to drive more growth in other platforms. Kevin Shuba specifically will talk Friday about what we're going to do from a North America automotive business going forward.

Let's talk about our customer concentration, and you can see by this pie chart where our customers fall in per cent of our total revenue. We work with a variety of large customers, multinational customers, such a Proctor & Gamble, Unilever, Nestle, but then we also operate with a vast number of small or local regional accounts.

In total, we have about over 41,000 different customers location that we need to service across the Americas business. So that adds into a lot of the complexity that Jim referenced related to the business.

If you take a look at our top 20 customers, they each generate over $12 million of revenue to the Americas business. Then when you look at our top 100 customers, each of those customers at a minimum generate $2 million of revenue for us in our business.

You also see that we have about 37% of customers that are $2 million and under in revenue generation. Obviously, a big part of our goals and aspirations is to grow that business to greater amounts, but also this talks to the SME opportunity that we have which Karen is going to talk to you even further, to grow that SME channel.

This chart really talks about segmentation and what markets that we serve. As you know, we have a big concentration of business moving into the fast moving consumer goods channel. About 61% of our total revenue reflects that; 48% really is traditional food and grocery, where 13% is more of a beverage focus.

We think that we have a lot of growth still in this category, whether it's further penetration into food service, whether it's further growing and getting penetration into the multitier beverage category, as well as private label and other small and medium enterprise business operates within these sectors.

The other big category we operate in is the fresh category, which is primarily produce and meat and other perishables. We've done a great job over time drawing our produce sector in the United States, but we still see that we have growth not only in the United States but as we grow

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geographically within region and places like Mexico and Brazil. But also what we're going to be doing, and Arturo Cabrera's going to talk to you about this on Friday, is we're going to start expanding further into Central America to drive additional growth.

Let's spend a little bit of time talking about the CHEP Americas operating profit and cash flow performance over the last several years. Clearly, as you can see from FY05 through FY08, we've had steady operating profit and cash flow growth inside the Americas. Then really starting towards the end of FY08 we really started to feel the impact of the global financial crisis which also has had a hangover impact over the last couple of years.

With that we experienced a big slowdown in our organic volume growth, and we've had declines, particularly in FY10 from an organic perspective. What that's done is that's impacted our operating structure. For example, we've had quite a bit of excess pallet inventory that's built up, which has caused us to have increased transportation storage related costs that we've had to address this year.

We mentioned to you that we've torn down seven million pallets, and that was a part of addressing some of the implications of what's happened because of the global financial crisis.

Additionally, we've had, as Jim mentioned, competitive entrants that have impacted the marketplace, that have slowed our growth. We've lost some business. Over the last two years I will say that we've recorded more wins than we have losses, but nevertheless that has impacted our growth rate to some extent. But additionally, I think, what you'll see here and what's causing some of our decline in operating profit over the last couple of years is our commitment to really address our product platform and that investment.

So beginning in FY08 we recognised some of the changes that we wanted to do with our product and our services, with the quality investment. Then in FY10 we increased that investment pretty significantly with the Better Everyday program. So that's what you're seeing from operating profit perspective.

I do really want to mention, though, that CHEP Americas' business generates a lot of cash, and you can see that from the chart listed below. Yes, cash flow's going to be impacted by economic cycles and business cycles to some extent, but this business is a business that throws out a lot of cash, and that's going to be something we do going forward.

We were able to improve our cash flow last year despite some operating profit pressures and that speaks to the efforts we did in reducing new pallet commitments in FY10.

So what I'd like to do on the next several slides is really get more into our key operating metrics. This is the kind of the same format that Allison provided for the Recall Business Units. I'm not going to speak to each one of these areas but some of just the key major categories that really drive our profit performance.

As you can see our underlying profit margins, and 15% FY10, that's below where we've been at historically, as you know. But what I want to leave you with as I walk through some of this information is some of the things we're doing that's going to allow us to start improving on those returns compared to where we're at today, okay.

Alright, so let's talk about sales revenue. We've got a number of drivers that we look at, that we monitor, that we manage to try to influence our sales performance. First category we look at is new business and, clearly, it's not only just what new business that we've sold but really what business or opportunities out there in sales form or for us to go capture.

We use standard selling process tools across all our businesses across the globe and we follow a standard Miller Heiman methodology to really scope and determine the size of our sales funnel. We look at that to determine our best opportunities within the funnel. We measure how quickly we close that business and, more importantly, we take a look at how many contracts we win and the value of those contracts.

So if you look at FY10's performance, for example, we were able to generate $86 million of new business on an annualised basis during FY10. So I really feel pretty confident that our organisation is in a position where we can generate new topline revenue.

The other thing we focus on, of course, is our revenue per issue, and that gets into a few different elements. We look at what pricing opportunities we have in the marketplace that drives impact on price, competitive impacts drives and impact on price. We also look at our different customer mix as we bring on new customers and take off old customers, how that may impact our revenue per issue basis.

We do spend a lot of time focusing on our cost drivers to really understand what our costs are and how that determines the impact on our cost to serve specific channels, so that when we do work with customers we understand the profitability within the channels that they serve. We can provide them the right pricing structure that provides value for them but also an appropriate return for us.

We also look, clearly, at organic volume. Of course, with the economic and business environment that our customers are operating in organic volume has been a big impact on us in the last couple of years. As the economy improves then we hope that that will change direction.

The final thing that we talked a lot about when we talk about our growth perspective in the marketplace is our net wins, which is simply the business we win versus the business that we lose. We talk about it in two formats. We may say net wins related to the revenues, the impact within a reporting period. Or we'll talk about net wins from revenue on a 12 month or an annualized basis which I think is more of a better indicator of where the business is heading than necessarily what was recorded in the particular period. So when you look at CHEP revenues, Americas revenues particularly in FY10 overall revenues were down 1% on an actual basis and down 3% on a constant currency basis during FY10.

From a cost and currency perspective Canada grew their business about 3%. Latin America grew their business 5% and all that was primarily attributed to volume growth. Whereas CHEP in the United States revenues declined by 5% in FY10. Out of that 5% decline 2% related to revenue per issue impacts both from customer exchanges as well as some competitive price pressures.

Then the other 3% was impacted due to volume declines, most of it related to organic volume declines but we did have a net loss business in the period. I think the good news - and I know this was mentioned during the earnings release - is that really since the Better Everyday program has been put in place and onboard, October of last year, we've actually been able to grow from a net wins perspective on an annualized basis - particularly in the United States where I think we were able to achieve about $18 million in that new wins from that time period, which does include the estimate impact of ConAgra loss.

So I think we've got a lot of momentum going on there. The other thing I'll mention with that is - even though we did win some pretty good size accounts in that activity such as the expansion with Scott's Miracle Grow as well as Del Monte Fresh Fruits and Vegetables, we want a lot of small to mid size company businesses. I think we mentioned it - we've won over 1000 new contracts both either lane expansions or brand new customers under the program that have issue volumes less than 100,000 annually so far.

Really I think that speaks to the opportunity in the small medium enterprise market that Karen will talk about going forward. Okay so now let's talk about some of the cost related drivers. First I'll focus on transportation and transportation and you can tell by the trends just on this slide is one of our core competencies. I think it's something that we've done very well over time. Our goal with transportation obviously is to try to minimize the amount of miles that we travel over the network at the lowest possible cost, while providing excellent and on time customer services for our customers.

We look at a variety of metrics, the end cost of collection, just essentially what it would take to collect our pallets back on the network on a per unit basis, unit cost of delivery, what does it take to issue our pallets to our customers on a cost per unit basis? Then our relocation costs on a per unit basis. What does it take for us to reposition our assets in the appropriate place for the market on a unit cost basis?

All of those metrics showed improvement in FY10 and I'll talk a little bit about some of the drivers behind that. But you can see in this chart overall from a transportation cost as a per cent of revenue, we've had great performance over the past several years. Part of that has been driven by our deployment of total pallet management or the TPM network, we've added about 48 TPMs in the Americas since 2006.

But more specifically in FY10 we did a number of different initiatives. We continued to work on our network plant optimization by deploying more TPM sites, additional wash facilities, additional heat treat facilities and with that I think we saved about $5 million or so in transportation related costs. We also have done a lot of work on benchmarking tools to really understand what are the most appropriate lane rates we can get from our freight carriers, and use those benchmarking tools to better negotiate lower rates than what's available in the marketplace. So that was a play that we did.

The other thing is we've got a program we call dedicated fleet and we have expanded our dedicated fleet operations to our 54 largest markets. All the dedicated fleet program is we've got dedicated power units that are available for our very most stable lanes that have a lot of high volume of traffic. We've been able to secure those power units and utilize those assets at a much lower cost than what you might get particularly on the spot market.

Last thing and it really goes back to a couple of things that Recall mentioned is we constantly use our Six Sigma tools and Lean tools to try and drive process improvement. In one area what we did we looked at how we go about scheduling and procuring international freight cost as well as

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a multi module type of transportation costs. We've been able to achieve a double digit decline in rates related to those types of moves, particularly moves coming from Canada back to the United State relocating pallets, or pallets coming from Hawaii back to the mainland. Or even as we've moved pallets down to Central America for a pooled solution down there.

So again I think from a transportation standpoint it really it is a core competence for CHEP Americas. Now let's talk about plant cost and plant cost clearly is one of the areas where we're investing heavily in the Better Everyday program. So later today (inaudible) is going to go in a lot of details specifically what we're doing inside the plant network as it relates to Better Everyday.

Our goal in the plant area is obviously to run the most efficient inspection and repair processes as we possibly can while delivering a very consistent platform to our customers from a quality perspective. So a couple of the key drivers, we look at our rate of repair and our rate of repair is simply the number of pallets we repair as compared to the - as a per cent compared to the total pallets that are returned to our service centers.

Given the fact that we've changed our standard, we've upped our standard to the US Plus and the US Premium standard. Our rate of repair has increased as a part of the Better Everyday program which was expected. The metrics that we look at is our cost per inspection on a per unit basis. That rate has also increased in FY10 and again that's reflected with what we had planned to do at Better Everyday, which was really enhance our sort process to address and identify (inaudible) with is something we've eliminated in our US Plus standard.

Then in the final major metric that we look at, that I want to talk to is our cost per repair on a per unit basis which includes both lumber as well as labor. From that perspective we had a very nice reduction in our average cost per repair. We've reduced our rate of (inaudible) by about $0.16 per unit in this category. We've done that because we've been able to - although we're repairing a lot more pallets we use less boards per repair and in some cases we're just doing a light repair just to get our pallets up to standard so that's dropped our average cost down.

Additionally we've done a lot of work on productivity improvement in our repair process overall. We've been able to not only to gain productivity but then work with our third party service operators to negotiate fair prices for them, based on the productivity that we've gotten. So that's been able to help us reduce our cost structure from that standpoint.

The one other metric I should mention and I'm going to talk about plant stock separately is our customer rejects. We do measure you know basically from a quality perspective how much rejects we get from our customers - it could be quality, it could be different reasons. But when you look at quality specifically we've had great improvement in that area and we've declined the number of rejects by 37% during FY10 and the exception, if you go back to the beginning of our quality program, it's been accumulative of 69% improvement.

So I think that's another aspect where you see where Better Everyday is paying off. But I do want to talk about plant stock separately. Overall when you look at this chart you can see that our plant stock is a per cent of - rather our plant cost is a per cent of revenue has increased. Not only is that - and what I've done with this chart is I've included the quality costs as well as some of the Walmart transition costs that we included as significant items, I've put it in this chart for comparative purposes.

So that's what some of the increases were when you see FY08 and FY09 performance, primarily the quality related cost. In FY10 you see the major portions of our investment Better Everyday is driving up our plant costs. Additionally what you'll see here is that we have incurred I think about $90 million of incremental storage related cost because of the excess plant stock in the network, that's impacted us.

As well as we've had some additional repair cost as we've migrated customers off of new pallets and put them on a pool pallet solution. All of these things long-term are going to be things that will help us out. What you should see with plant stock, plant costs from a go forward perspective - we said that in FY10 we spent about $108 million related to Better Everyday cost. I think by the time we get to FY13 our forecast is that the ongoing rate will be about $25 million so that will help out nicely in terms of what we anticipate from our plant cost perspective. As well we're going to see some benefits in the short- term as we reduce our requirements for storage.

Okay so let's talk more specifically about plant stock. So again with the global financial crisis really coming on to us at the end of FY08 and really hitting hard in FY09, we realized we had a growing pool of plants, of stock in the network and we had a couple of things going on during that time period. Previously we'd been experiencing quite a bit of growth and so with that we were able to, we made commitments to certain customers to provide them with new pallets.

Then also we had a big growing business of imports coming into the US from both Mexico and from Central America that had added to our overall plant stock in the network. With our slowdown in organic volume growth during that time period, it really created a situation where we had quite a number of pallets so we didn't need in the near term to utilize in the network. So in FY09 I think we mentioned that we decided to tear down seven million pallets and with that we anticipated that that would take through FY11 to complete that tear down process, with provision net cost of about $99 million.

I think the good news and I think our team is very proud of, we really did a lot of hard work and we did some great execution. We were able to complete that program a year ahead of time and we're able to do that about $2.5 million less than what was originally provided. The other factor of what we've done to minimize our plant stock is we've been able to cut down our new pallet purchases by 41% compared to FY09 and I'll talk a little bit more about that on our depreciation side.

But inside of that, part of that was we were able to limit the number of imports coming into the United States. One of the initiatives that we did this year is rather than, just limit imports which could then impact our revenues, we created a pooled solution where we took our US Plus pallets from the United States, and we relocated them back to customers back in Mexico as well as Central America so that they could shift those products back on their load to the US.

So we were able to retain a lot of revenue that we otherwise may have forgone. Although we incurred a lot of relocation costs getting those pallets down, we avoided storage costs as well as depreciation if you think about how we'd actually use new pallets to come into the United States. I think the other factor that we need to consider is, once we get back into a more robust growth mode which we will, we'll then at some point going to be required to get new pallets and we can bring back imports into the US, and then reduce our cost structure by eliminating some of the relocations that we're currently doing in FY10 down to Mexico and Central America. So that's a good outcome for us.

I think the last thing we did as it relates to minimizing our plant stock is for a few customers, we did provide some lower than normal pricing to get them on our program or expand business and which has helped utilize some excess stock that otherwise would have sat there and not been utilized. What we did with a few of those customers is we're actually able to build in price escalators in future years, so as we come out of storage with the pricing and that customer gets back in line to traditional levels so I think that will be beneficial for us.

So overall as you can see we did peak in FY09 in terms this is a plant cost, plant stock coverage. We peaked in FY09, we're coming back in line in FY10 and I anticipate that this is going to go down further in FY11.

Okay so let's talk about depreciation. Obviously some of the drivers on depreciation are clearly capital expenditures and when I look in the Americas business the lion share of capital expenditure has really fallen to support new pallet purchases. Usually when we look at that we look at it from a growth CapEx perspective and a replacement CapEx, we replace pallets for scrap or any pallets that may leak out of the network.

In FY10 we did have some growth CapEx related to growth in Latin America but again in the United States we reduced our new pallet purchases by about 4.5 million units in FY10. The other thing that impacts CapEx expenditure to some extent can be timber pricing. We did see some higher lumber costs in the second half of FY10 based on some domestic market conditions in the United States. As well Latin America was impacted by the earthquake in Chile that occurred.

What we're seeing more recently is those prices are coming back more online to levels that we had traditionally seen. Talking more specifically about what we did on our new pallet purchase reductions. We took about 2.6 million pallets - excuse me 2.9 million pallets of commitments to new customers and we converted them either to a US Plus or a US Premium or in some cases a customer repair solution. That helped save a lot of our cash flow this year. The good thing again there is, at the time when we get back to more of a growth mode, we now have more flexibility as to where in the US we put new pallets to minimize or capitalize transport costs versus dedicating certain pallets to certain customers.

So that's helped us get position for the future. The other thing as I said, again we cut off about 1.6 million of imports into the United States but we've replaced a good number of those issues with pool pallet solution. I guess the key tick where I really want to make sure walk away with is the fact that we now really have the capacity and the capability, no matter what the economic situations are, or the business cycle situations are to manage our new pallet purchases with a lot less lead time that we've historically been able to operate under.

Okay. Just want to talk about IPEP expense, that's one large expense category that we manage very closely, it really gets in the heart of our ability to manage our assets. IPEP expense has been documented in a number of sources the CHEP 101 class. But the simple math behind it is it's the provision that we provide and the P&L that covers pallets we deem irrecoverable across the network.

We do a number of things to look at how we're performing in that area and also I'll explain more importantly the things that we do to manage asset control. We look at our control ratio and our control ratio is simply, takes into account the number of pallets we issued out during a reporting period compared to the number of pallets that are returned back to us. That control ratio is influenced by growth and it's also influenced by what's happening with our customers - whether they're destocking, whether they're restocking or whether they've just got some cycle time improvement and therefore the pallets turn faster.

We also look at leakage and leakage in our vernacular really just says you know what pallets do we think are unaccounted for in the network based on our control ratio and also based on the audit program that we have in place. If you look at our leakage performance in FY10 it runs very consistent with what we've seen over the last four years across the Americas. So I feel pretty comfortable that we've got a good handle on our asset management.

The way we do that is a number of things. First of all, all of our participating retailers have a responsibility to ensure that our pallets are returned back to our service centers so that's one big facet of how we're able to control our assets. We also have a dedicated group of CHEP employees who work in some of our most dense markets coordinating with not only our recyclers, but as well as our retailers to bring pallets back to us. As well they collect pallets within their own vehicles. In FY11 we plan on increasing that activity or those resources by about 25% to anticipate further growth.

The other thing is that we have over 1300 vendors - particularly recyclers - across the United States that participate in the asset recovery program that we manage to help ensure that we get out pallets back into the network. The other facet of what we do is we then work with our customers and we audit their physical bounds. So we make sure that on average we audit at least 85% of our pallet holdings in any given year to make sure that we really understand the amount of pallets that are in the network at any given time.

We don't have a luxury of stopping everybody and understand exactly where everything is at but when you combine our audit program, along with our control metrics we get a good sense of where our assets are. We work with our customers on reconciling account balances, helping them through the ease of doing business tools, improve their ability to keep track and record our flows. So I think that's a couple of good things that we do.

Today you're going to hear from Carey Sealy, she's going to talk about one of the new tools that we've introduced and we're going to expand even further which is account intelligent monitors. I won't steal her thunder but effectively that's going to be another tool that's going to be available to our customers to help asset management. Then Karen Hempel is going to talk to you about our total account management program where we're going to have dedicated resources with specific customers, working on a number of things with them. But also we'll get a better measurement in reporting as it relates to our pallet flows.

Okay so I talked about a number of things from a business review perspective, you're going to hear from a lot of the CHEP team today and also on Friday on where we're going. But I just want to leave you with my thoughts on where we're at right now. I guess I don't. So first of all I think from a top line perspective the Better Everyday program and that investment is starting to pay dividends. We talked about the number of new wins that we've had, net wins since the Better Everyday program.

You're also going to hear from Mike Diamond from Canada, Arturo Cabrera in Latin America talk about the growth opportunities that they have in their market that will help the Americas grow revenue going forward. Then Karen Hempel will specifically talk about the SME opportunity. Then I think we've been doing a lot of things - though our results don't show it today to really improve our operating structure. We completed the pallet tear down program so we've been able to eliminate most of the excess that are in our network.

We've been able to reduce, almost cut our new pallet purchases in half from FY08 where we were at 12 million, we're a little bit over 6 million now that we've achieved in FY10. That's going to help us from an operating cost structure. I think I highlighted what we've been doing in the transportation area and we're going to continue to do things that drives efficiency from a transportation cost. Then when you look at the Better Everyday program and how that investment will dwindle down over time, as well as alleviating some of the plant stock excess and those cost, I think our plant cost structure is going to improve over time as well.

We've always been a very solid company I think when it comes to asset management. Again we generate a lot of cash and I think that's what you can expect from us going forward. So with that I think Jim and I are available for Q&A.

QUESTION AND ANSWER

Simon Mitchell - ***UBS - Analyst***

I'm Simon Mitchell of UBS. I appreciate you've got about 4 million pallets in storage and if you exclude those what's the current turn rate looking like in the US?

Jim Ritchie - ***CHEP Americas - Group President***

Okay so for example you're talking - are you talking cycle time or just plant stock coverage?

Simon Mitchell - ***UBS - Analyst***

Well more cycle - average issue rate per pallet each year I guess.

Jim Ritchie - ***CHEP Americas - Group President***

Okay we're still turning about 3.5 times and it's not so much what's in storage but it's really the rate of cycle time through our customers the way we measure that.

Simon Mitchell - ***UBS - Analyst***

Also on TPMs you mentioned, what's the current percentage of volumes that are going through TPMs and has that moved much over the last year or so? Do you think it's going to go up much more?

Jim Ritchie - ***CHEP Americas - Group President***

I don't have a specific number of volumes that go through TPMs so we can get that information to you later. But I will say because we've expanded the program we do have more activity going through TPMs than we have previously.

Scott Spivey - ***CHEP Americas - SVP and CFO***

Yeah we added a little over 10 locations in FY10, additional TPM locations. So we don't have any quota or threshold around it, it's just when it makes business sense and it drives economies back for us as well as for the customer. We'll continue to add those facilities and that's really what the key driver is. We've got a really good review process to go back and say what was the business proposition going into it in terms of the investment and the expected return for us and the customer?

Then we go back and review that at 90 days and at nine months to make sure that what the investment was, did it actually come to fruition. If it didn't why not, what do we need to change, what have we learned. If it did how do we translate that to the next location or the next site.

Cameron McDonald - ***Deutsche Bank - Analyst***

Just you're talking about effectively the OpEx for CapEx tradeoff between the new pallet purchases and rebalancing the pool. Can you give us a sense of how much of the OpEx is actually being incurred in 2010? So quantify what that tradeoff actually is.

Jim Ritchie - ***CHEP Americas - Group President***

Okay that's a good question. I would say we incurred - the two areas where we incurred cost related OpEx relates to the number of pallets that we relocated down to Mexico and Latin America. Then the other area would be to some extent, the amount of repairs to a US Plus or a Premium standard in lieu of new pallets. Which I would say is an ongoing cost going forward as opposed as to new OpEx. The amount of money we spent - I won't tell you the amount of money. But we spent about anywhere from $3 to $5 an issue on a relocation cost that went down to Mexico which more than basically offsets our storage related costs that we otherwise would have incurred.

Unidentified Participant

Thanks. Just a question on the plant costs. Can you provide a feel as to where you think plant costs to sales ratio will decline to once you have lumber yards that are currently in there dropping out?

Jim Ritchie - *CHEP Americas - Group President*

Okay actually we haven't really provided kind of a forward guidance on it. I mean if you think about the investment Better Everyday growing from 108 to 25 million that's about 83 million across and that's almost another 0.8 to 10 percentage points off a revenue so that's a big change there. Then when you look at the - ultimately if we eliminate the 19 million in excess pallet costs, there's another - that 20 million is worth about another 0.2 percentage points so I think those are some of the ranges.

But again we're going to have other activity that we're going to do besides those two things to try and influence our plant stock going forward, our plant costs going forward.

Unidentified Participant

So I guess where I'm coming from is about what you touched in your last point. So going forward we shouldn't necessarily expect that that ratio is going to come back to historical levels because you have - I mean you've now transitioned more customers off new pallets onto a higher repair rate to take care of their requirements. So again does that suggest that going forward that that ratio is not necessarily going to then revert to what we've seen historically?

Jim Ritchie - *CHEP Americas - Group President*

Well look there are other things that go into that so again once we get back into more new pallet purchases we're going to eliminate the relocation costs back to from Latin America and Mexico, we're going to eliminate repairs in the network because we're going to be buying new pallets. So that will actually drive cost down so there are other things besides the normal ongoing productivity that we expect over time.

Unidentified Participant

Thanks.

Unidentified Participant

You spoke about bringing on several new customers with price escalators can you maybe just talk about that in a little more detail? Also how - perhaps if you talk in the newer, smaller sub 100,000, that particular market which you were targeting with the attractive entry level pricing and whether that was quite a big component of your new customer wins in the last year.

Scott Spivey - *CHEP Americas - SVP and CFO*

It was, actually when you look at all the customer and you wrap that into a segment, the big customer versus what we would call the SME segment, what you realize is that we won more business in that segment than we did in the others. I think any industry - typically that SME segment is going to carry a higher margin percentage as well as greater loyalty and longevity. Certainly we've gone back and tested those theories and those are proven out that what we saw with that SME channel is that we did see strong margin performance in terms of what the business was sold.

We also see very strong loyalty because we didn't just start it in FY10 it's been going on for quite a while. So we see that as a real opportunity that we're uniquely positioned versus any other competitor out there to really kind of leverage the networking and Karen will talk in much more detail about it. But it was a big part of what we did in FY10 certainly from the win standpoint yes.

Unidentified Participant

I mean is that margin dependent on the escalators kicking in from a pricing standpoint?

Scott Spivey - *CHEP Americas - SVP and CFO*

So just on that margin piece, the pricing program that I talked about really didn't relate to the SME piece. That's just normal business we go after with good margins. So that really was kind of customers that had you know good size volumes that we introduced that program towards. I won't tell you specific rates but I will tell you for a good number of those customers, the way we built the program is we understood when we'd be getting out of storage or anticipating that, and we introduced the pricing escalators in Year 2, Year 3 to get back to more normal margin levels for those customers.

Over here - sorry we'll come back to you in just a sec.

Anthony Moulder

Just a question re asset control, you mentioned that asset control was strong in 2010, how do you see the loss rates playing out going forward? Is that an opportunity for you?

Scott Spivey - *CHEP Americas - SVP and CFO*

I would tell you that I think our loss rates in 2010 were right in line with what they've historically been. However you know you can see Tom pointing at - Tom Gorman pointing at Tom O'Riordan over here, we've been talking about that as a major opportunity for us to attack. You're going to hear a little bit about some new products in terms of aim, in accounting terms its monitors and new services in terms of total account management. We've used those as test cases in FY10 in terms of how well we've been able to manage assets and we've had absolutely phenomenal success.

So that when you start to track assets that's on a weekly basis instead of on an annual audit basis, the trail is much warmer and you can track it much easier. So we see that as a large opportunity that we're going to be going after. We don't have it quantified and certainly not in a public environment, we've got our internal roles but Anthony yeah, we see that as something that's real important to us in FY11.

Anthony Moulder

Thank you and second question related to the Better Everyday program I think for 2012, you now have $0.35 per pallet roughly of ongoing spend for the maintenance of that pool, what gives you comfort that that is enough? That's that 25 million that you talk about.

Jim Ritchie - *CHEP Americas - Group President*

Yeah I would - let me start Scott and then you can jump in. I think there are a couple of things and you're going to see some of it today. When you look at the rigor and the process control and the discipline that [Ken] will speak to. The other thing that's been interesting for me being here only 15 months is I've been asking a lot of questions as has some of the other folks about what we saw five years' ago or six years or seven years' ago. The consistent answer back is the level of information and data and detail we have now is like never before.

So you get confidence in looking at what the business looks like today and the amount of data and detail and information that we have. There are still some variables there that you simply can't predict. You don't know what's going to happen tomorrow and how people are going to treat some of your assets when they're out of your care, custody and control. But that doesn't mean that we can't put programs in place to identify who those customers are and then send people in to work with them like we've never done before and we're preparing to do all of those kinds of things.

So we've got a high level of confidence now in terms of where the numbers are at and certainly are confident in where it's going and our ability to manage and execute towards it. I don't know if you've got anything to add there.

Scott Spivey - ***CHEP Americas - SVP and CFO***

Your $0.35 per pallet is the net incremental number and you're taking the 25 million divided by GBP70 million. The actual cost or operating plant costs are significantly higher than that. So all of the costs are about delivering a higher quality outcome, it isn't just $0.35 as you've explained it. Additionally those are net costs ongoing so the gross contribution to improving quality is higher than that and then there are efficiencies underneath it.

So I don't think it's safe if everyone is drawing the conclusion that you're getting $0.35 per pallet, that's not an accurate way to look at it.

Jim Ritchie - ***CHEP Americas - Group President***

I think we had Cameron next - you're not - okay sorry.

Simon Bent

You talked of retaining some of the ConAgra business. Was that outside of the sale of the Gilroy business or was that - I think ConAgra was selling that Gilroy business, did you retain that business or you retained some of the original ConAgra business?

Jim Ritchie - ***CHEP Americas - Group President***

Can you repeat the question? I'm sorry.

Simon Bent

ConAgra I think was selling the Gilroy, sold the Gilroy business back in July I think it was. When you said you retained a portion of the ConAgra business was it the Gilroy business or you retained some of the ConAgra business outside of the Gilroy business?

Jim Ritchie - ***CHEP Americas - Group President***

Yeah it's a little bit of both but in reality what's happened with ConAgra is they made a decision to move to a competitor evidently I think has been recorded. That product in a heavyweight environment was not able to perform to that level and that's part of what a pooling asset has to be able to do. It has to be able to solve for the entire pool because you don't know who is going to use it next. So they quickly came back to us and said for these facilities we're going to maintain that business on CHEP and that's what we anticipate. So that's what they've communicated back to us and that's what we anticipate.

Right here in the middle. Have we got time Melissa for maybe two more? Okay.

Unidentified Participant

You've showed that your top five customers represent about 22 per cent of the revenue. What percentage of the pallet pool do they utilize? Also what is the duration of the contracts with those top five customers?

Jim Ritchie - ***CHEP Americas - Group President***

Well I'm not going to have the percentage of the pallet pool off the top of my head. Scott may because he's better with the numbers than I am. But in terms of contracts, the contracts will range - and everybody's got different and they've got different expirations. But most of the contracts that you're going to find that we have are probably 30% to 40% or our contracts are one year evergreens. Then the rest of them are two to three year agreements. So some are continuously renewing but everybody's contract will renew at a different time. So of those top five I can't tell you off the top of my head which ones are going to renew in which months in which year, I just don't have that information with me.

In terms of the overall (inaudible), in terms of pallet volume there are a few variables that go into play there. But roughly the pricing isn't that so dissimilar. So you can really do the math and it would say it would use a similar percentage of the pallet volume is the revenue that's represented.

I saw one hand over on this side then we'll have to - we'll go on break after this. Again I know there are a lot of questions but we'll continue to spend some time later on tonight as well.

Unidentified Participant

I'm just wondering if you can make some comments around what your expectations are regarding maintenance CapEx going forward, just some observations. The pallet additions over the last say five, six years has been quite small I guess with regards to your longer term history. Yet CapEx has remained pretty high which therefore implies a maintenance CapEx is arguably gone up. I'm just wondering if you can make any comment around that observation?

Jim Ritchie - ***CHEP Americas - Group President***

One thing I'm going to mention on ongoing CapEx is for the next fiscal year at least with the United States, we're probably going to keep with the levels that we've been spending at this time around. We are going to have a little bit more growth CapEx in Latin America and Canada for next year. Part of what we're doing is if you don't buy an asset today you're still going to have to buy it tomorrow. So time, value and money, there are some minimal amount of purchases that we're having even though we have some excess capacity, because when you look at the time value of money we're going to need those assets going forward.

So that's what you see if you're looking at you know there's still some low level higher CapEx. It doesn't make sense to go all the way to zero and then go back up to some significant amount operationally as well.

Scott Spivey - ***CHEP Americas - SVP and CFO***

Yes and we have third parties that are producing new pallets for us. So if we completely shut them off they go out of business. So there's an element there that we want to maintain and there's also an age of the asset. There's an asset aging concept here that says if you completely shut off the age of the asset, then you'll start to deplete it, it'll get much older and you've got to continue to inject some new for the overall health of the pool.

Also keep in mind that we do tear down a small number of assets but every year we look at some assets that we just deem as irreparable so we will just take those assets out of the pool and then there are losses that will come out of the pool. So the overall size of the pool may actually shrink and we still may go out and buy a significant number of new pallets. But the net total assets will reduce.

Unidentified Participant

Thanks.

Jim Ritchie - ***CHEP Americas - Group President***

Okay we've got a 15 minute break so we'll come back in 20 minutes time and we'll go through the Everyday program in more detail. Thank you.

PRESENTATION

Jim Ritchie - ***CHEP Americas - Group President***

Alright, to stay on time we're going to move into more detail on the Better Everyday program and I'm going to introduce to you our Chief Operating Officer, Tom O'Riordan.

Tom started on January 1 and he's got, at this point right now he's got complete control of all the operating elements of the USA business and he'll talk more about his background and his team. We're very, very lucky and fortunate to have a guy like Tom and I've had an opportunity, I first met Tom when I was at Ryder and he was a customer and was in the middle of a rebuilding and a turnaround with this particular company. He'll tell you a little bit about that. But it became a solid relationship built on trust and certainly expertise and I think when you hear his background you'll understand we're extremely fortunate to have him.

So, Tom, come on up.

Tom O'Riordan - *CHEP Americas - COO*

Thanks, Jim.

Hello everyone. I'd also like to welcome you guys. This is a tough time of day to speak, especially when you've travelled halfway around the world but I think we'll keep your interest. You'll get an opportunity to meet some of our team. They are really pretty talented. I think that's one of the things I've found when I arrived here. The quality of the team was remarkable and I've had the pleasure of working with some really good people over my career and this team is as good as any one that I've had to work with.

The team that you'll hear from today will be Kim Rumph. Kim is the VP that works directly for me that stewarded the Better Everyday program as it relates to quality, getting our service centres up to 100% issues by March 31. Frankly, when I got here I thought that was a pretty lofty goal and she led the team that absolutely nailed it.

You'll hear from Thomas Storteboom. Thomas heads up a lot of initiatives in the innovation area and you'll hear a very important one that kind of plays into some of my experience, and I come from businesses that launched 500 new products a quarter and at CHEP we've had one in the last 20 years. So we hope to find some balance between those things and they're service offerings not just physical products. Thomas will talk to you about that.

Carey Sealy will talk to you about Portfolio Plus and some of the other service offerings that we have that are really improving the way we do business with our customers and then Karen Hempel who is my partner on the sales sides, we started the same day, and she'll lead you through some of the changes in the sales team that work in concert with some of my teams.

A little bit about my background; I've had the opportunity to work with some really good companies, great companies in some of their trying periods, Nike back in the '80s, Adidas in the late '80s, a team of us went from Nike to Adidas and had a great run there. We turned that business from about a $200 million business to a $1.8 billion business in nine years. Lots of initiative with better product, better interfaces with our customers, better execution.

I was chief restructuring officer or COO at Fila, eventually the CEO, and Fila was a kind of an interesting business, great education. When I arrived there it was losing about $4 million a week which was quite an effort actually, and within three years we were able to return it to profitability in spite of having tremendous fixed cost and in spite of sales being in freefall when we arrived. That's actually when I had the opportunity to meet Jim Ritchie.

I think over time I've had lots of good ideas, some of which have had long legs. At Nike we were pretty integral in launching some key product categories that today still represent a bit portion of their business; a similar thing at Adidas where I sort of defined and launched, on my own, a category that today remains one of their biggest categories; and, of course, the turnaround at Fila.

I also, while at Fila, had a separate responsibility. We had a small business that was about $4 million when I arrived there and they allowed me to sort of take it over. It was a little of a science project at the time but within four years we'd built it into a $100 million business and then we were able to sell it to Liz Claiborne at $129 million after five years. So, nice business and good timing enough to sell it.

I guess over time there's a lot of things I've learned. I think the similarities that some of these companies had, Nike, Adidas and Fila, is that they'd sort of lost their way with their customers, they stopped listening, they were very inordinately focused and I guess had lost their way in product and services innovation as well. These were the things that we needed to change and some of those parallels obviously exist here.

I guess one of the most important lessons I learned, as good as we thought we were, especially in the Nike days, we got humbled pretty quickly and I learned that it really doesn't matter what I think, it only matters what the customer thinks and so we spent an awful lot of time listening to customers, travelling and visiting them, et cetera, and I think when I first met Jim Ritchie we had a real interesting challenge at Fila and Jim's team, when he was at Ryder, were able to come in and really address a very complicated, almost impossible, situation we had with a distribution centre.

He really kind of stewarded the whole thing through a very successful implementation, including sometimes driving, I think he was senior VP, I think, or executive VP at Ryder at the time, and I can remember seeing him driving around on a forklift in our DC to make sure that we were delivering to our customers on time.

So, when Jim called me to, not to have lunch, but to travel a little bit we started talking about the business. He talked to me about the business model that existed here. I was really enamoured with the model itself. Obviously he was very clear about some of the challenges that we had and I became very quickly interested in the business and obviously knowing what he brought to the table, the way he approached customers, honesty and directness that I knew of him from 12 years, I thought I think I'm going to join them and it's been really a great experience for me since I started.

I think some of the simpler things for me are, Jim touched on this a little bit, in every place I've been I've taken on some pretty complex challenges and really tried to simplify and we've been very successful at simplifying some of the things that maybe over time got too complex. I've always believed that you need to control the things you can control and I've got a very strong track record of managing cost and I think CHEP also has done a great job over the past couple of years of managing their cost here and will continue to do that.

I think for us, the next steps, we've done a great job of getting the house in order here a little bit and the next steps obviously give us a change, and this is what was interesting to me, to really become a leader in the supply chain.

I think when you talk about some of the things that I do, I think bringing this innovation background that I've ahead, again launching 500 new products per season, you really have a different mentality in how you approach things. You'll see when we talk about the subject that Thomas Storteboom will talk about I've sort of adopted IBM's philosophy into something that we've had for some time which is an approach of trying to sail off and achieve tri multiple things at the same time, bring a lot of things to the table to see how you do and if you see something that moves the needle in the direction that you need to you run with those things and then you can eject a couple of other ideas into testing.

Thomas will talk about something that I think will address that directly.

A little snapshot of the US business. We have about 38,000 different touch points with our customers, 760 people that have really received the message in the US, and I think everywhere else, I've spent time in Europe, not in Australia yet, that we are absolutely focused on the customer, everyone in our company understands that and puts that at the top of mind every single day.

We move about 2500 truckloads on average per day and about 1.5 million equipment moves. It's quite an undertaking obviously to do that. We operate 351 different types of service locations around the US. That number can be a little bit fluid. You'll see that change because we have temporary storage facilities and things like that that open and close as needed.

We have three offices; one in Orlando obviously is the headquarters, Cincinnati which is closer to our largest customer and Bentonville which is the (inaudible) and Walmart as well Hunt which is one our transporters.

We started with three pillars of our commitment back in October and we said we'd drive our business by making improvements in the following things. Product quality, again as I saw this it was a pretty lofty objective from where they had been to get 100% of issues from the service centres at US Plus certification.

So you have a new certification, you've got to ramp it up, you've got to get all of your service centres on board to do it, every employee in those service centres to understand what they needed to do and they nailed it. I can't take any credit for that. Kim can take most of the credit, and her team, and she'll talk a little bit about that when she comes up, or a lot about that I think.

I think the key for us is we are now delivering what we promise our customers every day and I think that's the key difference. They know what to expect from us and they're now getting that from us every single day.

On the ease of doing business side, we have far more people dedicated to meeting the customer needs, we've added two VPs that report to Marianne Plumb who is Senior VP of customer experience. One of them has 12 years experience with CHEP and the other has 15 years experience with CHEP, all with tremendous customer interfacing over the years and they're enthusiastic. They've been involved with customers, they've got some great ideas and they're leveraging off of the ideas that we have in place.

So, we're pretty excited about them and I think it sends a very good message to our employees, to our shareholders, but especially to our customers that we're really committed by adding these two VP positions.

One of the key things that Jim's brought to the table, which is this notion of empowering our employees, actually we brought empowerment I think throughout the entire organisation so we can make decisions faster, that makes some sense, that work better for our customers and also make it easier to do business with.

I think my first session, the word I use here, pontificating, came from one of our biggest customers. We had a customer forum, I guess I was here about two months, and Karen hosted and I was able to attend. It was very interesting because you could tell in the beginning there was a little bit of tension and by the end all the guards were down, we were really having a nice conversation and one of our largest customers said it was really refreshing to really have a real conversation instead of someone from CHEP sort of pontificating to them about what we were going to do.

I think that message has really gone throughout the organisation and I think every conversation we have has really led us down a path where we will get better doing business with our customers.

We realigned our sales team. Karen will talk about what she has done, but we had a group of customer operations people and sort of separated the hunters, salespeople like to hunt true salespeople. We have an awful lot of people that handle the day to day operational things and we separated those, put them under Marianne to make sure that the housekeeping, the daily activity of the follow-ups were done under the customer experience piece and so it allows Karen's team to focus on the sales piece, and she'll talk a lot about that.

Again, this help build our customer experience team; a lot more people to support those initiatives.

Again, we're just a company that I think is much more focused on our customers.

This slide talks about where we've been, where we are and where we're heading. Again, there were 23 initiatives. You've heard about those many times. It's remarkable that they were stewarded all the way through, every one of them I think nailed down. Some of them will be ongoing and will raise the bar; things like Portfolio Plus which Carey will talk about, we will add features and, as we raise the bar, we'll ask customers to take on more features they were enthusiastic about to begin with and, as we add service offerings, again we'll raise the bar.

There were 300 employees involved in those initiatives which is a remarkable undertaking to nail down in about six months. Basically all of the top management in the company was involved and this, of course, was on top of whatever your day job was before that. It was really a massive undertaking.

Looking for FY11 and beyond, you'll see that we have seven initiatives here. Again, continuous customer experience improvement, there's a lot of touch points around that; repair efficiency and platform durability, we're looking at a lot of things there that will improve the durability, reaching inside and outside of the company for some resources there, we've identified some things already; and of course delivering growth, which Karen will touch on.

Holistic supply chain solutions, which really is going to be in my court, that's a lot of things looking at some activities that today we do or we do it third party and can we look to deliver these ourselves. Our customers are clearly looking for us to deliver more efficient supply chain solutions. They ask us for this every single day and they're hoping that we can deliver some of these things, some of which they haven't even thought about yet.

On the innovation side, Thomas will talk about some of those things you've heard a lot about when Tom and Jim spoke about these things and we've got a lot of things in the queue. We have a lot of service offerings that we manage by the customer experience team, things that allow us to get more sticky with our customers and also really help them in managing their supply chains and the organisational effectiveness which we talked about.

The good news is we've done an awful lot of work over the past year or so and really delivered on some of the promises that were made, some I guess more than a year ago on quality and then stepping up to a new quality standard in October. We'll continue to raise the bar on our customer interactions and Karen will talk about some of those things and so will Carey.

We believe we can still raise the bar on quality through looking at things like fewer touches on the product and reinvesting some of that back into the quality of the product, a lot of repair efficiencies, Kim will touch on some of those things, and then further empowerment of our sales and customer operations teams.

Better Everyday program; again really centred around a new structure that will enable the team success in getting closer to the customer. I think every one of us, in fact I was talking to Tom last night about this, but all of the executives have gotten involved in some of the calls that come into the CCC and following up on those with our customers just to see how we're doing.

I think on average we're making about two calls per week and it's really interesting to get involved with people at all levels of the organisation, listen to what they have to say. They seem to really appreciate the fact that we're calling them and an awful lot of feedback is coming from that that's been informative and also constructive.

I guess this leads to the second bullet point which is listening to our customers every day. Everyone in the company has that message and I think we're doing a good job at that, but we can always do a better job at that.

Again we touched on Better Everyday was delivering what we promised and we are doing that every single day and it's more than just the product quality. We were looking at things, for instance, with the transportation chain. We measure on time performance and we're above 97% on time performance to our customers. So I'm going to challenge them to raise that a little bit higher and also see if our customers measure it the same way that we do. But we really truly do deliver. We are the most reliable resource out there and our scale allows us to do that every day.

Managing costs; this is something, we don't have control of the economy, I'm not sure who does right now, but we are good at managing cost and we continue to do that and we will continue to do that. We've got a lot of initiatives there whether it's filling empty lanes for some our customers, they have empty miles that we're utilising. It brings revenue to them and saves us money. Some of the repairs efficiencies, et cetera, where we take some of the touches out of the repairs and I think Kim will touch on some of that.

Then, again, continuously looking at ways to elevate quality. We've made great progress and if we can continue to raise it we will do that.

This is one of my terms, I think when I got here it seemed like we were playing a little bit too much defence and business is about offence and I think we really feel confident today that it's time to play offence and get back into the market and aggressively go after it.

This is a slide, you've seen this, I think many times, but this is just sort of to quantify what's happened on the Better Everyday cost. In fiscal year '10 we came about $8.5 million under what the Better Everyday budget numbers were. We look to be, in FY11, about $5 million under and then FY12 and on, $25 million under.

Primary driver on the FY11 number is the fact that we still have four million pallets, B stock pallets, that will need to be repaired as we start to redeploy those. So that's why you see sort of a trend that looks a little bit unusual there.

"Del Monte Fresh Produce views the relationship with CHEP as an integral part of the strategic relationship we have with our customers, which are receiving a series of benefits from the pallet pooling system. We look forward to building on the supply chain performance and environmental sustainability successes we've had to date." This is from Paul Rice, Senior Vice President, North America Operations at Del Monte.

The second one, and we have lots of these, we chose two. Some of our customers don't always like to see or allow us to put their names out there, so we choose ones that will allow us to do that. "CHEP has not only developed a more user friendly Portfolio Plus application, but their high quality pallet strengthens our supply chain network and enables our organization the ability to provide our customers with a more structurally sound platform." That's Jeff Jankowski who is Regional Manager for Rich's.

These are a couple of things that we're seeing. We're hearing, I think, lots of good news and yet we still have some work to do so I don't think we ever want to sit idle and assume that everyone feels the same way, but I hear lots of stories like this every single day.

This is sort of the three points of the Better Everyday program. Essentially we have taken this and moved these into our SOPs. I think Kim and her team have done a great job of really standardising our processes as we grew. We've lots of different facilities out there and different equipment and that was one of the keys to us getting our quality under control, was really developing SOPs and working with our third parties.

That's helped us dramatically on the product quality side. We really focus on a culture of continuous improvement. Jim drives this home every day. It starts with Tom and Greg and the team at Brambles to make sure that we are never content with where we are and I think our team is pretty enthusiastic around that. That will get us a little greater customer intimacy and, again, always we're looking at any kind of operational effectiveness and cost efficiencies that we can find and a step change in our capability development.

You see these three things, product quality, getting closer to the customer, ease of doing business, they're really three focal points. The seven initiatives are focused around these three things and I'm quite confident that the team that we have that nailed the 23 initiatives will be able to steward these seven initiatives forward as we look to the next couple of years.

I'm now going to introduce Kim Rumph who is going to walk you through Better Everyday product quality issues, and she'll tell you about herself.

Kim Rumph *- CHEP Americas - VP Plant Operations*

Good afternoon. Thanks again for being here with us today.

I'm going to spend a little time walking you all through the product quality aspects of the Better Everyday program. We've talked a lot about Better Everyday since that announcement in October and I'm going to take you on the quality journey that we've been on since October.

To begin with, I'd like to give you just a brief background on myself. Today I'm the Vice President of Plant Operations for the CHEP USA business and before joining the CHEP USA business in 2006 I've held a serious of operations and manufacturing positions both with the US Steel Company as well as GE most recently before joining CHEP.

I bring 16 years of manufacturing and operations experience to the CHEP US business and today I have direct responsibility for all of the service centres and plants in our network. I also have direct accountability for improving the product quality as we committed to you with the Better Everyday program.

So to begin, let's go back to October. In October we shared with you the results of the US business review and at that time we talked about our customers' evolving needs and the fact that we needed to raise the bar on quality and we needed to deliver a better product to our customers in order to meet their needs.

Our team was excited and energised by this charge and we quickly organised ourselves around understanding how we're going to (inaudible) to this higher standard and how we're going to deliver what our customers need as quickly as possible.

We committed to a March 31 date in that October 7 market announcement and I'm proud to announce that we delivered that. We're ahead of schedule in terms of delivering against Better Everyday and our customers are telling us that they can feel it and they've also told some of you that they can feel it.

So we'll talk today about the deep rigor, the processes, the systems that we put in place to ensure that we can continue to sustain this performance and we can continue to deliver at this level.

We have also started listening to our customers all the way to the plant operations level. We have put customer feedback loops in place, we are listening to what they have to say about our product and we are adjusting our processes and ensuring that we continue to meet their needs. I'll take you through some of that today as well.

It really is a pretty methodical process. I'm going to spend some time digging deeply into it to really talk about, step by step, how we were able to achieve this and deliver it.

It really starts with operational readiness. For any of you who have manufacturing or operations experience you know that it's not that easy to walk into over 100 facilities and tell everyone that we're going to raise the bar starting now and we need you to start delivering to a different specification. So there's a lot of operating readiness that has to take place before we can begin this process and I'll take you through that journey of how we were able to do that.

It's also very important that we can measure our performance, so we want to take the anecdotal discussions out of quality, we want to understand where we are at all times, how we're performing against our metric and have continuous monitoring systems in place to ensure that we continue to deliver against those metrics. I'll take you through that as well.

I've already mentioned the customer feedback loops. The most important part of this whole process is taking that feedback from your customer and feeding it back into your processes and systems, continuously adjusting, ensuring that you know what those critical characteristics are that they care about and that you continue to deliver against those needs.

Then control. This program is about sustainability. If you ask our customers, or at least the customers I've talked with, what they'll tell you is that CHEP is delivering on their promise, we've met our commitment, we've raised the bar on quality and they want to ensure that we continue to sustain it.

I'll talk a lot about control today, what we're doing to ensure that we continue to deliver every day from every plant for our customers.

Then, most importantly, we'll talk about the results because that's what really matters. So these four steps are what we have done in order to deliver results for the customer and I'll take you through some of the results as well.

We'll start with operational readiness. As I mentioned it's not that easy to walk into a bunch of facilities and say here's the new specs or raise the bar. The first thing that we did is formalise that specification. We took all the feedback from our customers, we culminated that during the US business review and we generated a specification that we knew would meet our customers' needs.

Jim mentioned earlier about solving for the pool, for all of the customers, with one solve for a pool and that's what we did with the US Plus and US Premium standards. So we identified what our customers need, we formalised that into a specification. You can see a little snapshot here of the front of that specification. Then we went out and we rigorously trained every single employee.

So we've got thousands of people out in the field who are delivering against our specification. Some of those are CHEP employees; some of those are through our third party management group. But before we began this process we took that specification out and we trained every single employee on what it is that we need for them to deliver to our customers. That's the first step in the process.

Then we charged all of those people with looking at their facilities and understanding what will this mean. So when you walk in and you begin to execute against this standard what is going to happen to your throughput, what is going to happen to your capacity, what is going to happen to your inventory positioning and are you sure that you're going to be able to deliver pallets to the customer the day that you introduce this new standard.

There's a lot of capacity planning that has to happen, there's a lot of bottom up ramp plans that have to take place. Plant by plant we had to understand when you introduce this standard what is going to happen in the facility and are you sure that you can continue to deliver.

So we literally went through plant by plant and what you see here is an example and this is literally an example from our Indianapolis facility. The operations representative who has responsibility for the Indianapolis facility went into his plant, he looked at his productivity, her understood what his throughput was and then he calculated what was going to happen when he introduced this new standard.

As a result of that we had to install some equipment in his plant, so before we could run and ramp and start delivering US Plus this facility needed some more repair tables and a few other things to ensure that they could deliver and still meet the customers' inventory needs while they were ramping.

So there's a lot of rigor that went into this and this is just one of the many examples but we literally built a bottom up plant by plant plan that allowed us to begin this ramp and to deliver against the US Plus. Keep in mind that we made this announcement on October 7 and we delivered all of this by March 31. So there was a tremendous amount of work that went into getting this plant organised quickly and ensuring that we did it right. This is kind of the first step in our quality journey.

Next is was about making sure that we had metrics so we can ramp all day long and we can install some tables and we can start to deliver to the US Plus standard, but if we're not measuring it we really don't know how we're doing. So we established a tremendous set of metrics, some of them are already in place today for our existing processes, some of them were designed around this new US Plus standard. They involved everything from cost to throughput to productivity, to first pass yield, all the basic manufacturing tools that you would use to measure your performance.

We put these into rigorous daily scorecards so that we understand every day from every plant how we're performing.

This is an example of one of the many scorecards that we use and we literally look at these scorecards every day. This is a snapshot. It really contains hundreds of facilities, but you can see just a snapshot of a few of these facilities listed here.

What this particular scorecard does is it ensure that every plant that we have in our network is what we call certified and we have requirement parameters around being certified. You're required to do a certain amount of audits off of all the pallets that you inspect and you're required to do a certain amount of audits off of the pallets that you repair to ensure that you are delivering to the standard before you're issuing to our customer.

As an example, you'll see here that you've got a certain number of repairs audits that have to be conducted. They're required to do 10 repair audits which is 120 pallets per audit over a 60 day rolling average. If they fail to perform those audits they will become decertified.

In addition to performing the audit, they also have the passing score which is required on those audits. So if they do that and they fail, then they also become decertified.

Then they're also required to do 20 audits off of all of their inspected pallets to ensure that those pallets meet the standard. Same concept; if they fail to do the audit they become decertified and if they don't pass the audits they become decertified.

Output, the reds and yellows are up here on purpose because this is a real document and we live by this document. There are going to be days where facilities go red and facilities go yellow either because they're not delivering to the standard, maybe they're starting to lose control with their processes or maybe the representative is not conducting the audits as he should to ensure that we keep a pulse on what's happening.

You'll see an example here if you look at the USEP which is the second plant to the bottom, you'll see that they're at a 91, or they were at a 91.32%. What that means is that they're going to become decertified if they don't improve their performance and if their repair audit standard does not go up.

They also have failed to conduct a proper amount of audits. They've done 18, they're required to do 20 on inspection. If they don't get that number up they will become decertified and, trust me, they'll get lots more attention than they ever wanted. There's a lot of people looking at this scorecard every day to ensure that every plant is delivering t our standard.

So it is driving deep accountability all the way out in the field to our people and also to our third parties. They're all using the same tools, we're all looking at the same scorecards and everyone knows how every facility in our network is performing.

Again, this is an example, we have lots of other scorecards and lots of other metrics. I just wanted to give you a feel for the deep plant by plant rigor that we're using to measure our performance against quality.

I talked about the customer feedback just briefly when I kicked this off and these are critically important. We've got to understand how the customers are responding to what we're delivering. We need to ensure that they're satisfied with what they're getting from us and that we continue to adapt and change with their needs.

Tom spoke a little bit about some of the reorganisation that we did from a sales perspective to get closer to the customer. The customer operations team, he mentioned the formation of a couple of vice presidents on his team who are charged with being there on the ground and close to the customer, they are a critical feedback loop for us. So we now have boots on the ground at the shop floor with our customers talking with them daily about how our product is performing in their system.

We then take that feedback from our partners, they feed it to the operations team and we translate that into action. We are getting real time feedback about defects that our customers may see with our product or about things that are not working in their systems for them so that we're able to adjust our processes and ensure that we're delivering what they need every day. So it's a tremendous feedback loop for us.

You've also heard some folks talk about the great reduction in rejections that we've seen. We've seen our customers rejecting less pallets. That data's still really important because if any customer is rejecting a load for any reason, we need to understand why.

We dig very deeply into rejections and complaints and we literally audit those pallets one by one when they come back from our customer so that we can understand exactly what they have rejected the pallet for, we can build our freighter charts around that, we can identify what those key drivers are that are causing our customers to be unsatisfied and then we can respond to that and ensure that we take action.

So again, a very data driven approach to understanding why our customers are rejecting our pallets defect by defect, component by component. Again, another example of that customer feedback loop, taking it from the customer, feeding it back into the process and adjusting accordingly so that we can meet their needs.

Then lastly we're partnering with our customers. We've kind of earned the right now. We've delivered on the promise, we've shown them that we can sustain these quality levels, we're continuing to deliver on that and it's early yet. I know we just made it there by March 31 so we understand that we need to continue to prove ourselves and we need to continue to show the customers that we're going to sustain this, and I'll talk about the controls and give you the assurances that we have that we can continue to deliver it.

But we also have a great team of people called our application engineers and these folks are a part of our quality team and they are out on the shop floor now with our customers helping them solve problems, bringing solutions to them regarding how they can more effective move their products through the supply chain.

It's not always about our pallets. We used to be on the shop floor talking about how we can make our pallet work better for you. Now we're on the shop floor talking about what else is not working for you and how can we help you bring solutions so you can move goods more efficiently through the supply chain.

I'm going to show you a basic example and I chose a basic one, there are more complicated ones but since I'm not an application engineer I'm going to give you a basic example.

We had our team go into one of our customers' facilities and the picture that you see here on the left hand side is literally an example of a conveyor system that our customers had in their facility. They were having significant downtime, jams in their system as they were trying to convey goods. They were on CHEP pallets but CHEP pallets were not the cause of this issue, it was a design system with their equipment.

Our application engineers worked directly with them, helped them identify a solution which is this deflector plating that you see here, the customer installed this deflector plating and now they are seamlessly moving goods through the supply chain.

So again it's an example of us being out there with the customer, talking with the customer, understanding what ails them and bringing solutions to the table so that we can help them move their goods to market as quickly as possible.

Again it's a basic example, there are more complicated ones, but it gives you the idea and the flavour and it helps you understand what we're doing out on the floor with the customers.

Next we'll talk about continuous controls which is really the heart of what our customers are watching to see that we can sustain this quality level, we can continue to deliver on the promise and that we will continue to meet their needs and deliver what we've committed to deliver.

For us the foundation of this is a six element process control plan. We're going to take you all to our Pico Rivera service centre tomorrow and I'll host you there. We'll take you through the plant and we're going to bring this to life for you. I'm not going to go into a lot of detail regarding the process control plan. I'll explain it briefly today and then tomorrow we'll show it to you in action.

The process control plan is really about taking six key elements that are quality drivers within the four walls of the plant and ensuring that we have control of those key elements at all times.

We've also worked very closely with our third party operators to ensure that they are aligned, their contracts are aligned, their incentives are aligned, their compensation is aligned with delivering these same quality standards that our customers are expecting of us.

In addition to that, we have realigned our employees' objectives. So every field employee that we have in the facility has the same accountability around delivering against this quality standard that our customers expect of us. So we're all aligned marching in step sync around this goal of improving product quality.

This is the process control plan. Again, it's a snapshot of a couple of facilities. Typically the process control plan scorecard will show every facility. What you can see here is that there are multiple elements and these elements really get to the heart of delivering quality, so it focuses on the processes that we have in the four walls of the service centre.

Every facility has an accountable operations representative who is responsible for ensuring that he delivers against each of these elements in this process control plan. It includes everything from training and certifying our people to conducting these audits to running statistical process control charts and ensuring that these facilities are in control at all times.

Again, I'm showing you the red and yellow on purpose. This is a living breathing document; it's alive. We look at it every day. We identify who needs to improve and who may be slipping in an area of the process control plan and we take immediate action to get it back under control.

I can tell you guys if this chart was green all the time I'd be very concerned because I'd have a strong view that the data wasn't representative. So we expect to see some yellows and we expect to see some reds because we know there's going to be times where we need to correct course, where we need to intervene to drive that discipline back into the process.

So again this is an example. If you look at the Aurora facility which is represented on the bottom line here, you'll see that they've gone yellow in an area and they've gone red in an area. Both of those areas are around employee training and they are not demonstrating that their employees have the competencies needed to deliver against the specification.

So, what we will do is we will go back in that facility, we will retrain every one of those employees and we will recertify them so that we can know with confidence that those inspectors and those repair people understand our certification, they know how to identify defects and they're going to deliver the product to the customer the way that we've committed.

So again it's another example of plant by plant deep rigor that we've driven into the process.

More controls; you're going to see a lot about controls because I think this is where we are in the process, to use the Six Sigma nomenclature which is what this is all really about. It's about now driving this control phase home, institutionalising this program so that it's the way we work every day.

We are doing a rigorous amount of audits also to understand our pallets. Someone asked a question earlier about the plant operating cost and how do you know. Anthony, I think it might have been you. How do you know where you are with the plant operating costs and how are you sure that your forecasts are where they need to be? Part of this is about understanding your asset.

We have driven a tremendous amount of rigor into not only looking at the pallet before it goes to the customer to make sure it's going to meet the customer needs, but looking at that pallet when it comes back from the customer so that we understand exactly what is happening to our asset while it's travelling through the supply chain.

We are literally looking at these pallets board by board, all 26 components and building (inaudible) so that we understand what boards we're going to need to repair and that we can forecast our operating cost effectively.

This is an example of one of those audits. One audit, 120 pallets, so please don't try to extrapolate it into some type of network number, but what I can tell you is that this is an example of the rigor.

Our people are out on the floor looking at these assets when they come back from our customer and they are literally going board by board to understand what boards are breaking, what boards do we need to repair, what boards are performing well and what are those operating costs going to look like in the coming days, in the coming months and in the coming years.

Thomas is going to speak with you in just a little while about some innovation on some things that he's working on that's also going to help drive some deeper understanding of how our assets perform in the supply chain. You'll hear from him when I'm done here today.

More controls. So the last piece of the control for us is really about removing all the anecdotal. I talked about that earlier. It's about data, it's about having a pulse, it's about understanding where you are and using that data to measure your performance.

So for us it is about statistical process control. We have created this nomenclature and this common language across our business and this is how we speak of our performance now. It's not about I think the customer doesn't like it or I'm pretty sure I delivered good pallets. Now it is about this is what my data tells me, I feel confident about my data because I'm following the process, I have the rigor and I have the tools in place to ensure that I deliver.

For those of your who aren't statistical people, this is an SPC chart, this is what we use to look at our trends over time to understand how our facilities are performing and what this chart represents is Pico Rivera's statistical process control chart. We're going to visit this service centre tomorrow, so I pulled it out intentionally. We'll kind of show it to you live while we're there in the plant tomorrow and how they gather that data and how they generate these charts.

This is an example and what it tells you is whether or not the facility is operating within the upper and lower control limits. If we see them deviate from those lower control limits it tells us immediately that we have a quality issue and we can look at trends over time to understand how that plant has been performing.

For those of you who are Six Sigma folks, we all know that variation is the enemy and in addition to that this chart lets you see how variable your plant is. You can really look at the trends over time, you can understand how you're performing to the specification based on all the audits you did, which is where this data comes from, and you can understand whether or not that plant is in control.

Our people are generating these charts daily, they're looking at these charts daily so that they understand exactly where they are and how they're performing from a quality perspective.

So, we feel good about where we are with Better Everyday. I talked some about the controls so the question for us is how do we continuously improve. In the first leg of that we've got three key focus areas in the plant operations team for CHEP USA. The first area for us is about that consistent delivery.

We talked about the customers saying we can feel it, you're delivering on the commitment, you're meeting the standard, you've ramped to US Plus, you've done what you said you would do, are you going to be able to continue to deliver that? That's what I'm watching, that's what I want to see and that's what I want to understand.

So for us it really is about that process control plan being institutionalised, becoming the way we work. It's not about a Better Everyday program, it's about the way we run our business, the way we operate our plants. That's what the PCP plan does for us. I'm not going to take you through step by step; I think I've kind of explained it enough at this point. But when we go to Pico Rivera you guys will see it in action and we'll show you where we train the people, how we train the people, how they become certified, you'll see the certified operators in action at work inspecting our pallets, repairing our pallets.

This is how we institutionalise it and really make it about the way we work.

Beyond consistent delivery for our team it's about standard work. Everything we do should be standard. We should standardise our processes, standardise our operating procedures, standardise our plants and we are on that journey. This is where the cost comes out. Someone asked a question earlier about how are you going to continuously reduce operating costs, how are you going to take down plant costs. It's about finding the best methods, the best ways to do things and standardising that across our entire network. That is where we are focused right now.

In addition to that we are strongly evaluating operating in a few more facilities ourselves. For those of you who are not aware, in the CHEP USA business our facilities are all operated by third parties with the exception of the Orlando Florida plant. Today our team is considering taking a few more of those sites ourselves, not because our third parties don't do a great job, because they do, they're the ones that have allowed us to deliver and ramp to this US Plus standard and they bring awesome and great ideas to the table every day that have allowed us to have these great initiatives and cost out metrics that we've shown you earlier.

But what it's about is taking their ideas and then being able to incubate those ideas in a facility that we're operating ourselves. We want to take a few more, we want to run them, we want to leverage those best practices that those third parties are sharing with us and then develop a standard across the entire network.

So we are strongly considering that over the coming months so you will hear more about that in the future.

Then the next piece of standard work, it's about the people. At the end of the day we're relying on the inspector and on the repair person to take care of our asset and to meet our commitment to the customers. It's about motivating those people, engaging those people, showing those people how they're performing from a productivity standpoint and motivating them to perform even faster and even better and even cheaper, still delivering a consistent product to the customer.

So we have really started developing industrial engineering standard, going task by task, repair element by repair element and making sure that we understand how are people are performing and continually incenting them to raise the bar and deliver at a higher level.

After you move through standardisation it's about optimisation and we are really working diligently to implement industrial engineering standards in our plants. I talked about the standard work and using those industrial engineering standards to drive best practices, to show people the best methods and to measure them against those best methods.

It's also about using those industrial engineering standards to model our facilities, to identify the best in class layout, the best in class designs and really use deep rigor in modelling our facilities as we upgrade our facilities and as we open new facilities.

In addition to that we are applying engineering controls when it makes sense. There are opportunities to automate, there are opportunities to remove the human variation. We talked about variation being the enemy, our desire to become standard and consistently deliver. So there are times where we will automate, we will put engineering solutions in place but we're not going to engineer for the sake of engineering, we're going to do it when it works, we're going to do it when it makes sense.

We are focused on that as well.

Lastly, but certainly as important as all the others, it's about leveraging that deep Six Sigma capability we already have today. You heard a tremendous amount from Elton's team at Recall about really leveraging the Six Sigma capabilities that the entire Brambles team brings to the table. We are doing that in the CHEP business as well. This whole quality journey that you see is largely derived from principles from Six Sigma and we continue to apply those.

In addition to that we are strengthening our bench from a lean manufacturing standpoint because for us it's about making those four walls where we operate as efficient and as lean as possible, taking out as much waste as we can so we're really leveraging and building upon lean manufacturing principles and you will see and hear more about that in the future for the US business as well.

So to the results. All of those things were the building blocks, they were the foundations that enabled us to get to the US Plus standard and to deliver on that Better Everyday commitment.

I'm proud to show you this chart because what this chart demonstrates is that we got there, we've got a plan in place to continue to sustain the performance, we are in control, we continue to be in control and we are institutionalising this program as the way we work.

What you can see her is that we have ramped our entire pool, our issues are at 100% US Plus and our customers can feel the positive impact of the work that we've done.

I spoke about the rejections earlier and this is an awesome trend that I want to share with you all as well. This is a trend that demonstrates since the initial investment in quality back in 2008 we are have seen a continuous reduction in rejections from our customers. This trend is exactly where it should be based on the investments that we've made, based on the controls that we've put in place and though this number may not be huge, these rejections matter. They are a lagging indicator, they are a voice from our customer and they are telling us if they reject that something is not right with the product that we've delivered.

So as I said, we dissect these, we go through them pallet by pallet, component by component and we adjust based on that voice of the customer. Again a powerful trend that demonstrates we're absolutely moving in the right direction.

This is the most important slide of everything that we've talked about. We can show you the data, we can measure ourselves, we can tell you how we think we're performing but what really matters is how our customers think we are performing.

To the point earlier some customers prefer not to have their name and logos represented, so we've removed those from these quotations, but what I can tell you is these are major brands, some of which are major global brands, and some of these represent some of our largest customers in the US business.

I want to specifically call out what I believe is so incredibly powerful which is this quotation that you see on the right hand side. To me this really says it all about what we've been about to do. This quote is from one of the largest fast moving consumer goods companies in the world. They are a fantastic partner to us. We learn a tremendous amount from this customer on a regular basis and we will continue to learn from them.

This quote really means a lot to me personally and to our team because what they've done here is they've said first of all we see what you've done, you delivered on your commitment to quality, you are making a difference, you are meeting your commitments, but they've also called our team members out by name. They have recognised our operations reps, they have recognised our sales team, they have recognised our third party operator that you see referenced here. So they know who we are, they know what we're doing for them and they are recognising that it's making a difference.

The most important part of this quote is at the end of this quote where they actually tell us that we've brought value to them, which is what this is really all about. You can see at the bottom of this quotation here the customer actually says we are getting productivity gains because of the work that you are doing.

To me there is no better testament of this investment, there is no better testament of the work that has been done for your customers to tell you that what you've done has brought value directly to their bottom line. So we're really proud of this and this is one of the many examples of what our customers are now telling us.

So lastly I'm going to set up a tour. We're going to take you on a series of tours tomorrow, as you've heard from quite a few folks. You're going to visit some of our customers and you're going to visit a Recall facility and you're going to visit one of our service centres.

Tomorrow we will go to the Pico Rivera service centre, which I will be your host for. This is our largest service centre in the CHEP USA network, so we're proud to be able to show this to you tomorrow.

In Pico Rivera we issue more than 6.7 million pallets per year to our customers. In FY10 we serviced more than 600 customers from this location, both in the California market and beyond. When we take you through the plant tomorrow we're going to bring this stuff to life for you. It's not just going to be about a bunch of charts that I put in a presentation for you. We're going to show you how it works on the shop floor.

We're going to take you through our inspection processes, we're going to take you through our repair processes and we're going to show you this process control plan that we keep talking about and we're going to demonstrate how it works out on the shop floor with our people.

So I'm excited about what we have to share with you tomorrow. I look forward to introducing you to our team at work.

Now I'd like to introduce you to Thomas Storteboom. Thomas is our Director of Innovation. He's going to talk with you about some of the exciting things that they're doing from a technology perspective, some of which feed directly into this discrete component intelligence in understanding our assets.

So with that, I'll hand it to Thomas.

Thomas Storteboom - ***CHEP Americas - Director Innovation***

Thanks, Kim.

Before I begin I'd like to give you a real quick background on myself. My background is really varied between the technical and the business side.

I spent 10 years at Ford Motor Company before joining CHEP in 2007. At Ford I started out in manufacturing, went into strategic commodity planning and then finally ended up on a program management team. While I was at Ford I picked up a Masters in Engineering along with an MBA at the University of Michigan in Dearborn.

Since joining CHEP in 2007 I've been responsible for rolling out global IC products along with developing new product development processes for free use around the globe and then, lately, focusing really on our core product here in the US, the pallet itself.

Before we get into the pallet test track, I'd like to just take a quick minute and talk about innovation. I think Jim and Tom have both talked about innovation today and how we're going to become a more innovative company and put a renewed focus on that. We're really kind of in the infancy of that to some extent, so we're included our working definition at the top of the slide there for you to look at.

Really we're going to focus on a couple of things; new ideas that create value and then doing things differently, really that's coming from asking is there a better way of delivering to our customers, of operating or enabling our people to really change the way we do our business. Doing different things really comes from asking where else can we add value, what different things can we provide or offer our customers that would add value.

At the bottom I've included a little bit of an org chart there just so you can see where I fit into the organisation. Jasper Judd is really going to be the global head of innovation. I'm dotted lined into his group as the Americas representative but I report directly to Bill Pregliasco who reports to Jim Ritchie, as mentioned earlier.

In my role as the Director of Innovation for the Americas, I'm really going to be focusing on a few things but really it's looking at innovative projects that are going on throughout all aspects of the company. It's not just going to be products, it's going to be product services, processes. We're really going to take that definition at the top there and go throughout the company looking for innovative projects and helping to drive them forward.

A couple of things that I have on my plate right now that are interesting; I'm responsible for helping to move the innovation culture more quickly and, as part of that, I'm responsible for leading our company's interaction with a company called IDO. They're global experts in innovation and we've contracted them to help us with some of our innovative projects.

Additionally, I'm leading the pallet test track project which is why I'm here today ultimately, to talk to you about this new and exciting facility that we're going to add to CHEP.

In regards to the pallet test track, I'm going to give you a brief overview of how we currently test products and then how the pallet test track is going to fit into our testing capabilities and why it's important for us and, from an innovative standpoint, how it will help move us forward.

Also I'm going to talk about the capabilities that we're going to build into the system along with talking to you a little bit about the design of the system and then we'll get into a few of the elements of the system that we can share via some computer animation.

While we're on this slide I really want to make an important point here; the picture here is our existing Innovation Centre in Orlando Florida. Some of you may have visited it, but I really wanted to talk about it for a minute and just kind of brag about it.

It really is a state of the art facility that we've used for years to test our pallets and products and it has provided extremely valuable insight into our knowledge of pallets and how they operate within the supply chain. It also provides a lot of value to our customers.

In the last 18 months there have been 80 different customer projects that have come through, either we've tested their product or we've helped them with unit load simulations or scenarios that we can also conduct at the facility.

That's our existing facility and we're really quite proud of it.

As a market leader we're continually looking to move forward and the pallet test track is going to help us to do that.

So let's talk about how we current test products at CHEP. On the left here we have the Innovation Centre. It does great things for us but its focus is prototyping and manual test stations so we can quickly test a new idea that we have in our head. It helps us to do kind of quick one off innovation studies, but it doesn't really give us the real world performance data that we would need. If you think about it, a very small sample size of maybe 10 pallets, taking that change and implementing it into our entire pool is a significant business risk.

Without some sort of further testing, and the Innovation Centre's great but you can't roll it out across the network until you truly understand how it's going to perform.

In the past we've gone through field trials. Field trials are big, they're expensive, they're complex. If you think about it, trying to control some pallets in our pool, which is designed to freely let the pallets flow throughout the network, puts a lot of constraints in different controls and adds complexity from not only our standpoint but from our customers'.

So, to use a field trial as your main validation tool, it really is complex, costly and takes a long time so it really doesn't help aid quick development of new products.

To help solve that, we're going to build a pallet test track. This is really going to slot in between the two extremes of the Innovation Centre and the field trial. It's going to simulate the real world environment in a controlled facility. We're going to put it in Orlando, it's going to allow us to have quick simulations and detailed data gathering, which will really help us quickly evaluate new ideas on a bigger scale than we could do at the Innovation Centre, but without the cost, time and complexity that was required of a field trial.

One of the nice features about it is we can start testing with a small sample and as we see the performance come back in the ways we want we can either add more pallets to get statistically significant data or we can shut that test down and move on to testing something else.

Just to make a note here, the intent is to keep all three different methods of testing for the future. We see the Innovation Centre as a great tool for prototyping and ideas screening, comparing initial ideas, and we also see it as a very valuable customer tool.

The pallet test track though is going to become kind of our main validation for getting a lot of quantity and data in real world performance data. Field trials we'll keep for the future. They may change in their role slightly. They may become more of a final verification, customer acceptance type feature, hopefully smaller, less complex, that type of thing. But we plan on keeping all three and we think they're all critical to really rolling out a new product and really understanding that you have a product that is right for the entire pool.

Let's talk a little bit about some of the capabilities. For us it's going to be a global resource so, to that end, we are going to be able to test all the different global pallet sizes. We're also going to be able to test pallet modifications and other new pallets as well. Considering the future of the system, we also are making sure it's capable of testing alternative materials as well.

We may, in the future, leverage the facility to test some customer unit loads and additionally we may test more forklift accessories like the Blue Guardian.

Now let's talk a little bit about the design philosophy behind the system. Our engineering group went through and mapped a lot of the supply chain handling equipment that existed and looked at kind of the real world performance that we were getting with our pallets. They kind of mapped up different stations that will replicate real world handling scenarios and that's really what the system is. It's a replication of real world handling scenarios that we can program and tune so that we can see the same effects that we would see in our pool today.

The picture on the right is the CAD model for part of the system. That's going to be the automated impact loop. You can see five of the seven stations pretty clearly there.

In addition to that we will also have kind of a mini service centre within the facility and that's going to be essential to ensure that whatever changes we want to make to our pallets or we propose to a future pallet is truly compatible with our current service centre operations.

From a timing perspective, if you look at the bottom of the chart there, this is something that you can see that we're actually doing now. It's not something that we're talking about or we want to do in the future, we're literally doing it now. The equipment's going to start showing up at the end of September; October and November we're going to start the system up, tune it, make sure it's running right, get the performance characteristics set and then hopefully by the end of the year we are going to be testing our first products.

Now I'd like to get into just a couple of elements of the system. What you have on the screen here, this is one of the seven stations you saw in the previous slide that was kind of entire loop. We've just pulled it out for the purposes of the video.

What I'd like to talk about is that this station represents one of the common failure modes for a pallet. If you can envision a failure mode for a pallet could be when a forklift driver goes to pick up the pallet but he has the fork tines too high and he hits the top of the pallet, so he actually directly impacts the pallet rather than going into the opening. It can happen at a variety of speeds, the variety of speeds determine how much energy is imparted into the pallet.

For the purposes of today we've actually modelled kind of a high impact, high energy scenario so we will actually break the pallet in this situation, just so you can see the effect of what would happen.

That's important to us because we need to model a variety of impacts, the mild handlings to the extreme handlings. That's how we're going to get our data of how the pallets perform in the real world.

In the video the pallet's going to move towards the centre of the station and then the grey slide on the left here has simulated fork tines on it, so it's representing the front of a forklift. It's going to impact the pallet at the top, again as if a forklift driver missed the window opening, and then you'll see the results of the impact.

So here you can see the two grey tines at the front of the carriage there. This will all be programmable in terms of speed, impact, energy, position that it hits the pallet. That will all be part of our tuning phase.

To give you a sense of the speed at which this facility's going to operate, each station's going to cycle about every 40 seconds, so we'll have a different pallet coming off the end of the line every 40 seconds.

In theory, if we were to run the same pallet continually through the system, we could model its entire life in about six hours. That's theory because we can't actually run it that way; it takes longer to run through. Just to give you a sense of how quickly we're going to be able to capture data on this, if you think about the general pool and doing a field trial on a pool, you're all familiar with the statistic that our pool averages three to four turns a year, so now I can start running trips on a much faster basis and gathering a whole lot more data. It's really going to give us a lot of insight into the overall life cycle of a pallet.

Here we're going to go into the detailed data capture system that we have in place. It's important that we understand how our pallets perform and this is really going to help capture the insight that comes from running all of those trips. What you see here is a robotic arm with a 3D camera mounted on the end of it and this is going to capture the data. Running all those trips is great, but if we don't actually learn anything from each of those trips then we're just running cycles in a facility and not learning.

So we're going to capture all of our data with this 3D camera that scans. It's going to highlight automatically which components are damaged or have some sort of damage in them and then it will flag it to the repair bench, telling the repair operator exactly which component he will need to replace. So let me run that video.

The pallet will come into the station here from the left. We're missing some in and out conveyors that the pallet would normally be riding on. The triangle there represents the scanning area of where the robot is scanning at that point in time. As we lift it up we put a load on it, so we simulate a loaded scenario when we scan the bottom, kind of like a racking situation. It will do a full 360 scan of the entire system. I shortened it a little bit for the purposes of this presentation, but it does a 360 of the whole pallet.

The output from this system is going to be captured and linked to each individual pallet. We're going to RFID every pallet that goes through in the test so at the end of the test we'll literally be able to go through it like a flip book and see how that pallet aged as it went through the test cycles. So we'll get a real interesting look into how pallets are aging and how they perform over time.

In summary, I really just wanted to let you know the pallet test track is seriously a really exciting facility that we're going to add at CHEP. It's going to fill a capability gap that we've had for quite a while in terms of trying out new ideas. It's going to be really cost effective for us now and really quick for us to try out new ideas and new concepts.

It's going to be a global resource and to that end we already have nine different global projects already in the queue waiting to run. It's not something we're doing just to have fun; it's something that we think there's a real need and a real need ongoing that we will continually use this.

It's really good for us. It's going to reduce the business risk of implementing new ideas to the pool. We're going to be able to capture that data internally and then when we come to market we're going to have a product that we think, that we know will already perform well in the system.

So thank you for your time. I just wanted to introduce the pallet test track. We're running a little bit behind time so we're going to shorten the break to about a five minute bio break, so you if you could respect that we'll start right back up with Carey Sealy in about five minutes.

Thank you.

PRESENTATION

Tom O'Riordan - ***CHEP Americas - COO***

It's my pleasure to introduce Carey Sealy who is our Director of Customer Loyalty Programs, we were just joking about the title. She's done a great job. She'll walk you through the changes made to Portfolio+Plus and some of the other initiatives we have. So I welcome Carey.

Carey Sealy - ***CHEP Americas - Director Customer Loyalty Programs, Brambles***

Thanks Tom. Good afternoon. I'm the Director of Customer Loyalty Programs at Brambles. My responsibilities include leading our Recall and our CHEP businesses with the implementation of our customer loyalty net promoter program globally, after launching the program in CHEP USA this past year.

Prior to this role I was with CHEP for nine years, where I was responsible for the development and implementation of several global supply chain and customer facing solutions, including Portfolio+Plus.

Prior to joining CHEP I spent 10 years as a consultant with PricewaterhouseCoopers and Grant Thornton, who I provided management consulting services to companies implementing large scale global systems. Also assisting them with their change management programs.

Today I'll share with you two initiatives that really demonstrate our progress on developing innovative solutions to simplify our business and drive step change improvements in our customer experience. As part of the program that Tom referred to under 'Better Everyday'.

The first solution, which many of you may already be familiar with is Portfolio+Plus. Portfolio+Plus is our global online account management solution. I will take you through a brief history, the success we've had with customer usage, and also feedback from several of our major customers.

Then I'll discuss another solution that we developed to provide better asset management through exception reporting, and that's the account intelligence matters that Scott referred to before.

Lastly I'll discuss our commitment to continue to drive further improvement through the customer experience, through Better Everyday.

Portfolio+Plus is our global web enabled solution that allows customers to easily manage their CHEP account. It provides our customers with unrivaled ability to simplify and streamline equipment management. No one in the market place today has as comprehensive a tool for managing equipment pooling needs. It's become integral to our multi channel customer experience program, changes the way in which we work with our customers, and also change the way in which we work internally.

Equipment pooling by nature is complex and necessitates really good control. It's predicated on customer reporting and reporting accurately. So when you think about the 1.5 million moves that Tom referred to before, that get reported on a daily basis, a tool to manage and organize those movements becomes very key.

By developing customer insight tools, or by deploying customer insight tools such as the focus groups and also NPS surveys, we've really had a chance to co-develop a product that responds to our customer's needs.

Focusing on simplifying that reporting and also organizing the information that's needed to make solid supply change decisions everyday.

I'd like to highlight some of the key accomplishments over the last three years that have contributed to the increase in the customer usage that we've seen under Better Everyday program.

Starting in 2007, the Portfolio+Plus solution was rebranded, and we integrated our SAP, ERP and our Siebel back end solutions. This provided our customers to have new real time information.

In 2008 we moved our Asia Pacific and also our Middle East/Africa regions to our global platform, and integrated the southern hemisphere into Portfolio+Plus. We finally had a single solution for the entire CHEP world.

In mid 2008 in response to our online customer forums, we made additional investments in Portfolio+Plus. We developed really an 18 month plan with quarterly releases that took Portfolio+Plus to another level. Our innovative approach got SAPs attention and we were featured in the SAP Netweaver magazine for taking the SAP portal technology a step beyond where any other SAP customer had taken it before.

It would be able to provide benefits to not only our external customers, but also internally to us where we gained a ton of efficiencies.

The value that our customers derive through Portfolio+Plus has increased over time as well, in line with the different features that we've been able to develop. It started with providing our customers options for reconciling, adjusting equipment reporting, and also viewing inventory balances with real time data.

We continue to enrich our solutions with even more ways of tracking enquiries online. At that point we had a full suite of e-enabling tools for our customers. Anything our customer wanted to do online they could.

We moved to a proactive monitoring of performance indicators through account intelligence monitors. Really serving our customers with just the right information anytime that they needed it. Also providing online analytics.

Today we continue to collaborate with our customers and provide new online solutions that are in line with what they really need to drive value. With all of these features, Portfolio+Plus has become an integral way of doing business with CHEP. Customers now have a choice of interacting with us in any which way they choose. Whether that be by phone, online or even via their account manager.

More and more from smaller (inaudible) customers to our large club store customers, they're choosing Portfolio+Plus everyday. That's really a testament to its simplicity.

Under the Better Everyday program, we felt we needed to communicate the benefits of Portfolio+Plus to our wider customer base and increase the knowledge level of our internal teams, in order to better articulate that value that Portfolio+Plus is able to drive.

How could we really raise the awareness on all of our customers? So we created a short video that really highlighted the simplicity, highlighted the ease and highlighted the value of the solution.

We provided a copy of that to all of our customers, and also launched it through the CHEP website and other communication channels. So I thought what I would do today is show you that same video that our customers received as part of the Better Everyday initiative.

[Video Plays]

So that video was extremely powerful with our customers and really resonated. Not only did it have an immediate impact on the usage rate, but it also strengthened our relationships. It forged new discussions with our customers, and our ability to be innovative and drive additional value.

Portfolio+Plus is used by over 65,000 people all over the world today and is broadly applicable serving various levels of our customer's organizations. A more senior level manager may want to take a look at different analytical features, while each plant manager may want to look at Portfolio+Plus to manage specific inventories in their plant.

Even customers that use other reporting channels for equipment moves, manage some portion of their CHEP relationship via Portfolio+Plus today. As a result of the Better Everyday program, we've seen increase in our usage rate from 49% to 72% as you can see on the graph here.

This reflects really a 23% improvement - or 23 percentage point increase over the last nine months. This really exceeded the expectations that we had and we also surpassed the goal of 60% that we had, surpassing that back in March of this year.

While the usage rates may vary by manufacturer and retailer, we've observed increases in both segments. Also similar increase in other CHEP regions.

I'd like to also talk about two examples that contributed to the usage rate increases. The first is a transition from a manual to an online inventory adjustment. Manufacturers that report to us their equipment moves, may do so in various different formats. Portfolio plus really provides the visibility to all those movements, along with different graphical summaries.

A customer can easily identify any exceptions and request a modification very quickly. The process before was labor and paper intensive, with long cycle times for resolution and also opportunities for air.

The second example of the partnership was one of our large club stores to transition all of their club stores onto Portfolio+Plus. Not only did the move aid the customer in removing non-value added steps in their process, but it was also able to save them time and also money.

Additionally, just last month an article in the Packaging News in Australia references some of the new features we've incorporated for Asia Pacific customers. Also some of the positive ways in which CHEPs online systems have really simplified the customer experience yet again.

In my view, the most important measure is not what our data is telling us, but what our customers are telling us. They're saying a lot about Portfolio+Plus.

Here you see some of the direct quotes from some of our major customers. Simply put, they really recognize the value that Portfolio+Plus brings through its accessibility and also its simplicity. They recognize our ability to collaborate and also integrate with their processes.

There is really no better way to validate the value of the work that we've done, than to hear our customers tell us directly that the solution has really brought them measure of value.

So I'm going to transition and talk to you about another solution that we've been able to create today, and that solution is called the Account Intelligence Monitors. Again Scott talked about that before in his review.

The solution was really created to transform the way that the CHEP program is managed. The service delivers substantial savings for customers by allowing them to focus on really their core competencies. So it allows us to identify exceptions, manage the exceptions and also then put those monitorings around some of the key performance indicators, identifying some minimums and maximums.

CHEP internal teams to which Karen is going to talk about in just a moment, and Tom also elaborated on before provides a central point of contact that will proactively solve our customer's issues, even before they have an opportunity to even know that there is an issue.

These types of monitors or alerts are used in many facets of everyday life. To provide an example, one that may resonate on a personal level. Think about your bank which may have security alerts to protect you for confirming changes to your account, or alerts that trigger emails when your card is used outside of the country. Furthermore, doctor's offices, rental cars, they all have employed this alert concept to help manage the huge amounts of information that we receive on a daily basis today.

It really helps identify some of those key changes to sensitive activities that you really want to put all of your focus or attention on.

The concept is no different for CHEP. We've implemented this service with many of our customers already, and plan to roll this out to the remaining customers over the next 12 months. In addition to the value that is provided, the program enables better asset management for CHEP through real time exception management and provides even more program control.

The four monitors that are in place today, pull data from two of our back end systems in real time, and trigger emails to our internal team. In the coming months we're going to be looking at displaying these results via Portfolio+Plus, and also through emails to our customers.

The results of the program to this solution are really total program cost reduction, better asset management and also a stronger sales relationship. Because it allows our sales team to not focus so much on the program account management, but provide additional services on the relationship side, and our back offices are really providing that exception management or that everyday account management.

So in summary, the two solutions Portfolio+Plus and Account Intelligence Monitors have not only demonstrated that we have a sound platform to build upon for the future, but also have revolutionized account management for CHEP and its customers.

They've simplified our customer experience and empowered customers to transact whenever and wherever. They've minimized, and in some cases eliminated the administrative processes involved with managing the CHEP program. Our customers are telling us so. Through the verbatims, through our loyalty surveys, at our customer forums, the feedback is consistent.

The customer experience is improving and the solution has brought them value. Better Everyday is really working. CHEP has a really exciting future ahead, one where our solutions can continue to play a significant role in simplifying the interactions that our customers have with CHEP.

We will not stop with just Portfolio+Plus and AIM. The simplified invoice that Jim talked about before, total account management which Karen is going to talk about in just a moment, these are all part of our commitment to find new solutions to continue to simplify our ever evolving customer supply chain needs and provide CHEP a competitive advantage.

Thank you very much for being with us today, and now I would like to introduce Karen Hempel, SVP, Sales and Marketing.

Karen Hempel *- CHEP Americas - SVP Sales and Marketing*

Thank you Carey. Good afternoon, good evening, good morning for many of you.

I recognize - I don't know if I'm lucky or unlucky being the last presenter of the day. But it's been a great day, glad to see that you're all here. Hopefully we're keeping you awake, but we've saved the best for last. I'm a little biased because I love sales and you'll get that.

So let me just start by talking a little bit about my background. I'm Karen Hempel as Carey mentioned and I have 25 years of sales and marketing experience. I've been with CHEP for about 12 years - 12 years, sorry, it feels like that sometimes. Seven and a half months to be exact. As Jim mentioned, Tom and I both started on the same day.

So anyhow, prior to joining CHEP I spent 13 years with IBM and I've spent 12 years with Nortel and so I have combined over 25 years of sales and marketing experience at senior level management positions. Managing large groups of sales people as well billions of dollars in revenue in my last role.

You know what, when I think about all of that I think what you guys really want to understand and what you really want to know is what does that really mean to CHEP and what does it mean to my role today?

So I just wanted to highlight a little bit about that. Although my prior experience has all been in the high technology industry, there are many similarities that are directly transferrable to my role today.

So let me just start with IBM. Straight out of college and with IBM. IBM is widely recognized as having world class sales training and processes. Those have been proven to be very valuable to me throughout my career.

You'll find in any company, world class sales skills and discipline are applicable in any sales environment. Additionally my entire success has been built developing sales teams to serve customers both large and small, with a heavy emphasis on business development and major growth initiatives.

Technology industry is one of the most rapidly changing environments, and I am extremely comfortable in reinventing my strategy my organization my sales team to most effectively compete and learn. When you talk about competing, the technology industry is probably the most competitive industry in the world. In a competitive environment that CHEP is in today, we must constantly reinvent ourselves. We need to be proactive, we need to listen to our customers and we've got to evolve to their changing requirements.

All of these skills are second nature to me, and I will talk about how I've applied these skills to CHEP in these seven and a half months that I've been on board.

So let me just talk about one of the things that was really compelling for me when I was considering joining CHEP. Was an impressive list of blue chip companies that are CHEP customers.

If you look at this list, it's just a sampling of the list, but it's an enviable customer base by anyone's standards. Since joining CHEP, I've had the pleasure of visiting over 50 of these customers from our largest to many regional customers that would be considered small and medium enterprises.

These are customers that are considered true leaders in our industry and combined comprise a significant portion of our annual revenues. So it's given me a very broad perspective on our customers and their business.

They've provided very direct feedback and insights into their requirements as well as what's been working well for them and areas of opportunity for us for improvement. That feedback, along with my experience has provided the basis for our sales strategy and execution in allocation of our sales resources.

So the key here is really getting in quickly, stabilizing the business, understanding what is going on. At the same time, refocusing the organization on growth and setting the structure to execute going forward.

I'm proud to say that we did that, it wasn't easy but we did it. The key has been that we have to retain our national accounts. We've got to grow within this account base and also execute on the incremental growth within the small and medium enterprise market.

We've re-established our customer confidence. They're telling me that. We're keeping our promises and we're improving our execution. Kim and Carey both outlined keeping our promises and executing in their presentations, so I'm not going to spend a lot of time talking about that. But what I do want you to remember is that as we enter FY'011 we have significant momentum and the pieces are in place to generate growth and we're going to spend a lot of time talking about that today.

If you look at the revenues of CHEP USA over the last decade, we've experienced tremendous growth, but that growth has recently stalled. In our performance since the 2008 peak is less than our expectations, and I'm sure it's less than your expectations as well. So no doubt, the US economy over the last 24 months has had a real impact on the shipment of goods, and consequently our business as it resulted in organic volume declines.

In addition, the focus areas that we're addressing through Better Everyday, pricing pressure, a few customer losses as Jim mentioned, contributed to the sales decline over the last two years as well.

So what's important is we've improved our quality and our customers are telling us they see it. We are becoming easier to do business with. Our customers, I would say, feel better today about their business than they did two years ago. As Scott mentioned earlier and I really want to re-emphasize again, over the last two years our new business has exceeded our losses. Due to all of these factors, the base business has a much better feel to it. I think that's really important because it provides the platform for our growth going forward.

However, we must move beyond the plateau. We've got to reignite sales growth. So over the next 30 minutes, and again on Friday, I will share with you the plan for accelerating growth in the US business.

So our previous structure was based more on a centralized command and control design. As a result, issue resolution and decision making were too slow. Our sales organization was burdened with account administration and management that limited our ability to think strategically and really expand our existing relationships. So as part of our Better Everyday commitment we restructured the organization to get closer to our customer.

In the sales organization now we're focused solely on strategic relationship management for retention and growth within our existing account base, and our new business development. I've flattened the organization to remove some of the people management responsibilities, allowing our best account managers to spend more time with customers.

Now we have the right people on the right jobs. So in addition to creating more focus an offloading account administrations ourselves, people can sell, we've added 20 incremental resources and they're aligned to specific growth segments. We're also continuously assessing talent and upgrading skill sets where needed, as well as aligning resources geographically with our customer's operations.

So the bottom line is we have gotten close to our customers and we can now increase sales velocity.

Tom mentioned the quality customer experience team, so I just spoke about removing account administration and management from the sales teams. So the newly created customer experience team quality customer experience team, is led by Mary Ann Plumb. Mary Ann reports directly to Tom. This team has full responsibility for the day to day operational management of our customers. Taking that out of the sales organizations, but it where it's best so they can apply best practices, and really have a much stronger focus on the operational side of it.

It's a field based group, so I think that's really important. It's not a group of people in Orlando, but it's a field based group and they function as the bridge between sales and operations, delivering quality customer service and improving the efficiency of how we operate with our customers.

This has enabled us to develop a team of experts. On Mary Ann's team were the two VPs that Tom mentioned that were added there. They are a team of experts that really interacts daily with operational contacts within our customers, solving the problems, addressing their needs and they are accountable for quality assurance.

So it's these changes that have enabled the sales team to really focus on selling activities and develop more meaningful relationships with decision makers.

So in early April, I announced a sales reorganization and it was based on my prior experience as well as customer feedback. It really was focused on enabling our sales teams to get closer to the customer.

Through this reorganization I've increased the ability to measure and manage sales performance, resulting in increased accountability of our sales reps, and we eliminated team quotas.

Our sales reps now will be measured on individual results and we also introduced a very aggressive comp plan that pays on performance and rewards growth. In addition, we're continually developing our top talent as well as recruiting strong performers both inside and outside of CHEP.

We had a very good system in place as far as just the day to day management of teams and Kim talked a lot about the rigor and the processes. So managing on a transactional basis we had a really good system in place. What was really missing was the strategic piece of it. So we implemented the program called Critical Path Strategies, and it's a strategic account and territory methodology that provides a basis for our sales teams to really develop strategic plans for large accounts and their business prospects, as well as territory plans for our small and medium enterprise accounts.

It allows them to have proactive business planning within the sales teams, focuses them really on strengthening and elevating strategic relationships.

The methodology also provides the tools and sales discipline for our sales managers to coach and maintain better visibility to sales team performance.

In addition to that we expanded our value proposition, via value added services and I'm going to explain those in more detail in a few minutes.

So let me talk a little bit about the sales leadership team. I'm very, very proud of this team, it's a team and I'll tell you we are really having a lot of fun working together. But delivering on our growth strategies really requires world class sales leadership. So I am personally very proud of the team that we've assembled.

Combined it represents over 165 years of sales and marketing experience. We have a great combination, a deep CHEP knowledge and global experience and fresh perspective. The biggest thing, we really looked at in organizing the team was capitalizing on the proven skills of each sales leader. So we all look very different as far as what our skill sets are.

I organized the team around our growth opportunities and how we're really going to go to market. When I came to CHEP we our sales team was organized in a fashion that it was more on a geography based fashion. So you could have a national account manager who has a very, very large national account. They may have also had 20 to 30 other accounts. So as you can imagine, it was very difficult to get at a strategic level and really think about things differently.

They were more of a reactive mode rather than what I'd call a planned and a disciplined approach to the business. So we reorganized really to capitalize on this. So what we looked at as we said, look, we need people who are focused just on national accounts, and who are really, really good at driving strategic relationships and getting beyond the day to day operations, thinking about how you really drive additional value into your national accounts.

So we've created a group of national accounts. We also created a team of regional and territory accounts, and then we have a new business development team. So as far as the leadership team Brian Malloy, he is our veteran. He's been with the business 16 years in sales. He is what I would call our historian. He's got great customer relationships, very deep, very broad customer relationships.

He has responsibility for our large global accounts, as well as he has responsibility for our customer forums. I've asked him to be the executive leader for our customer forums. In addition to that he is also the leader for our industry relations with GMA and SMI and all of the industry associations that we're associated with. He sits on several of their boards and really brings a wealth of experience, knowledge and adds huge value to the team.

So then Dan Walsh is the VP of New Business Development. Dan actually was in the office on September 1, last week, yay. I waited a little bit of time to get Dan but that was worth the wait and he's already in a week proving that it has been.

Dan started his career with CHEP. He's been with CHEP for 12 years. Started in Australia, moved to the UK, was a key factor in the growth of the automotive business in the UK. Most recently he moved to having leadership responsibility for the UK and Ireland and really delivering significant growth there. So he's a huge addition to the team and we're happy to have him.

Paul Kovie has been with CHEP for eight years. He has very broad background, a lot of growth experience. He went with CHEP to China. Started the business in China signing up 125 new customers. So a really good global experience there as well.

Additionally I eliminated two layers of management within our national accounts. This is really about trying to get closer to the customer. I have put two senior directors in these position.

Bruce Brawley is leading our National Accounts from the manufacturer side. He has 15 years of experience with FMCG companies. He's been with CHEP for 11 years. Most recently he was leading our beverage vertical, where he consistently exceeded his targets on that.

Bill Williamson is leading our National Retailer Accounts. He's been in the industry for a long time. He's been with CHEP for seven years, most recently was driving our business with Walmart and Sam's Club, which he will continue to have responsibility for. In addition to several of our other large retailers.

Then last, but not least, Derek Hannum, Director of Marketing. He has a broad and vast background in marketing. Has led marketing teams with Nissan among others, and really no changes to his function, other than we added a few resources to help him.

So when I look at our growth strategy, two of these things I'm going to talk about today, one of them I'll talk about on Friday. But our growth strategy is really focused on delivering growth from three areas. First would be building upon our existing account base. This is a very, very valuable asset for us, so national accounts all the way down to small and medium accounts.

Second would be winning new customers, and then last but not least we'd be capitalizing on the small and medium enterprise market. So I'll walk you through the first two growth drivers today and then I'll go into even more detail on Friday on our strategy for the SME market.

So in our existing customer base, a high penetration of the largest FMCG companies provides a tremendous foundation for growth. By expanding our value delivery and becoming more deeply embedded with these accounts, we can help them achieve their objectives, such as reducing cost and improving their relationship with their customers, very important with their customers, which in turn unlocks additional volume and revenue for CHEP.

Due to our entire team's work with the Better Everyday program, we've significantly improved our position to defend this account base.

It's no secret our primary pooling competitors are focused on our large customers. I want to take this opportunity to set the record straight.

One of our competitors has been stating that there have been no customers that have converted back to CHEP. I will tell you that is quite simply false. We are winning business back that was lost to pooling competition, including one of the top poultry producers and a large protis account just last month.

So in total, our win backs have exceeded 3.1 million issues, so it's not insignificant, and we expect more as their contracts mature.

So just as importantly we renewed contracts, and Jim mentioned I think worth over $260 million, where the customer evaluated competitive offerings in comparison to CHEP. With respect to winning new business, we've added resources, specifically focused on targeting and pursuing new customers, including existing verticals such as food service, produce and beverage where we've had strong growth in recent years.

In addition, finding non participating distributors or retailers is key. We did sign 85 new retailers this year, but that helps us unlock volume growth by reducing our customer's cost and it opens up more in markets where pool products are used.

Then finally we're launching new initiatives to drive even deeper into the SME market, which I'll discuss in detail on Friday. But the key to that market is really our unique position with our extensive network, our service centers as well as our massive distributor retailer base.

We are very uniquely positioned to win an SME market.

So let me talk now about the CHEP value proposition. We are much, much more than just a pallet provider. We've invested enhancing our value proposition, which delivers unmatched value to our customers.

So you can see on this chart our competitors can really only play on the first couple of areas within this. Our broad capabilities represent competitive advantage. So it's our size and our scale that really allows us to deliver these services.

So whether it's from applications engineering and Lean Six Sigma engineering, supply chain, solutions expertise, use of our Innovations Center, transportation optimization and shared logistics; to total account management, we're delivering real value and quality service to our customers.

We've just launched a micro site this week to tell the full CHEP value story and we're really, really excited about it. You can access the site at www.chep.com/totalvalue and the site is really cool because it describes the features and benefits of our service offerings and our innovations, our customer centric tools designed to boost operating efficiencies, and our advantages versus our competitors. So I hope you take a few minutes to check it out. It's pretty cool.

I will be with you for the next several days and can provide a lot more detail on any of our value added services. But today I just want to highlight a few of them. So the key to remember though is that CHEP delivers many services to our customers.

So if we look at our value solutions, we have a host of unique capabilities. Kim provided several examples of value being driven by our applications engineers. Lean Six Sigma engineers and supply chain solutions team. As another example, our Six Sigma team provided expertise to Proctor and Gamble in delivering a customized solution for their automated storage and retrieval system, demonstrating that CHEP can and will continue to meet the requirements of automation and manufacturing.

Our Innovation Center has conducted over 80 packaging and unit load tests and studies for our customers in the past 18 months alone.

On the next few charts I want to provide a bit more detail on the value being driven by our customers by transportation collaboration and on total account management. The transportation optimization, as you probably know, transportation represents a significant operating cost for CHEP as well as for our customers. It's also proven to be a tremendous opportunity for collaboration with us with our customers.

So transportation collaboration sometimes we'll call it shared logistics, same thing really. It's one in the same, but it's exploiting the natural synergies between our transportation network and our customer's network.

Using lean logistics technology, which you're going to hear from Dan on Friday about lean logistics. But using lean logistics technology, collaborating with our customers, we've optimized 31 transport lanes and eliminated an estimated 351,000 empty miles for our customers. This service lowers overall supply chain costs for CHEP and our customers and it's a great environmental win as well.

None of our competitors have the volumes or the network capabilities to deliver this type of value. I think this quote from Dave Ratliff at Walmart really speaks to the value we're delivering best. If you look, I'm not going to read the whole quote to you, but if you look at the quote, he really talks about the mutual benefits with one of our platform providers. He talks about the collaborative initiatives reducing costs and reducing that cost is reducing our costs as well as reducing their cost.

Improving that sustainability makes good business sense. If anyone has had any work with Walmart you know sustainability and green initiatives are very, very important to them. So this really helps us drive a lot of value with them. That's just one example of what we've been able to do with transportation optimization. But it's a classic example of some of the value that we're driving for our customers.

So next is total account management. What total account management is it's a solution that was created specifically around the needs of key customers with complex supply chains.

CHEP has 20 plus years in the pallet pooling business in the US. What this service does it lets our customers focus on their core business while we focus on the management of the CHEP program for them.

We put a dedicated resource placed at the customer's location and the results have been phenomenal. So looking at it from customer by eliminating program administration, reducing cycle times, the results have really been substantial savings for the customer.

What this does is this allows us to really expand our existing customer relationships and the long term strategic partnership. We've implemented this service with several customers already. Our plan is to roll this out to 30 major customers in the next 12 months.

We're really excited it. The customer feedback has just been great.

In addition to providing a value added solution for our customers, I would stress this program also enables better asset management for CHEP through real time program management. It allows us to have much better visibility so it's truly, truly a win/win for us and for the customer.

So by way of example Unilever was our initial pilot and the results were dramatic. They have asked us, they don't want us to share their information, so that's why you don't see any of the chart filled in here. But I just wanted to give you an example of that, because really by designing this program collaboratively with Unilever we focused on their business goals and we created a custom solution that delivered measurable impact for them.

So what package includes is customized management tools, pulls data from our systems as well as the customers' system in real time - and that's really important, real time. What that allows us to do is really drive cost-reduction for Unilever. It allows us to have better asset utilization for CHEP and then a solid foundation on which to truly develop a true strategic partnership.

So when I looked at the growth strategy, all of the value-drivers that I just spoke about briefly that will enable us to retain our existing large accounts will also benefit our new business acquisition customers as well. Beyond that, we have renewed our commitment to new business acquisition under the proven leadership of Dan Walsh, which I mentioned a few minutes ago, delivered excellent growth in very mature markets in the UK and Ireland.

In addition, I mentioned previously we've added 20 sales resources focused on new business acquisition. Another key thing we're doing is we're applying new business development resources to the large accounts that we lost in the last 18 months to win them back. So we're really looking at - most of them I think it's important to note, and I think Jim may have mentioned it in the question and answer period that when we - any of the major accounts we've lost, we haven't lost 100% of the business. So we have retained a portion of the business, and in some cases a pretty significant portion of the business.

However, even when you're looking at that and you have a really, really good account manager on it, when we really look at it and say, you know, how do we really go out and proactively go after and win this business back, we made the decision we're going to put our new business sales reps on it and say, let's go treat it, we'll continue to manage with account management the existing business, but we're going to put a new business development resource on it and go out and really go and show them what we can do and what our value proposition is today and make sure that they're up to date on that, and go and win them like we would a new customer. So we're putting a great amount of focus on them.

Let me talk a little bit about creating sales velocity. So, in addition to the incremental resources, sales resources, we're solidifying our team with refocused and incremental marketing resources. I mentioned [Derrick]'s team, not a lot of change as far as their function, but we did add some resources to it. The expanded group will work with the sales team to increase lead generation and lead nurturing programs as well as deliver sales training and development and also process optimization.

We're also creating sales velocity through empowerment. By improving the processes involved in finding, signing and keeping customers. So from the optimal customer qualification process, to simplified contracts, we're driving down the sales cycle time and driving up the number of new accounts that we're signing.

Scott mentioned our sales teams averaged one new account per day in fiscal year 2010. I think the number he used was $86 million. That was in Americas number. But in the US in fiscal year 2010 that delivered $62 million in new revenue following the better everyday announcement. So we're continuing that momentum coming into fiscal year 2011 as well.

So on Friday I'm going to take you through our SME growth strategy in some level of detail but let me wrap up today by highlighting the significant sales momentum we have built coming out of fiscal year 2010. Our supply chain team has delivered on our quality, outline them better every day. They're helping restore our customer confidence. And the quality customer experience team that I mentioned that MaryAnne's leading, they're focused not only on account servicing but they're expanding the services that support value delivery, and adding new value services every day.

THOMSON REUTERS

Like any good salesperson, I want to let the numbers do the talking. So our sales momentum is clear. We have, as I mentioned, won back over 3.1 million issues from our competitors. We have delivered $260 million in contract renewals, every one of them well aware of the alternatives to CHEP. We've had over 750 lane expansions within our existing accounts. We signed up 85 new retailers that will now take care of our assets and encourage more conversion from alternative platforms. Our new business development team signed, on average, more than one new customer daily.

I'm looking forward to spending time with all of you over the next few days in discussing our SME strategy in more detail on Friday. Kim mentioned she will be your host at the service center tomorrow. I will be your host for the customer visits. We're going to have a lot of fun. We're going to start at the Vons distribution center and this is actually kind of a cool location for us to be able to visit tomorrow because a little known fact - and they'll probably tell you this tomorrow but I'll tell you so you already know - but you can act surprised, okay? This was the site, this actual distribution center, was the site where the very first pallet of CHEP goods was shipped from Proctor & Gamble on a CHEP pallet to the Vons distribution center. That's where our history began, so it's kind of cool the way it all worked out. It will be really fun.

Then from there we're going to go across the street to the private label manufacturer, where you'll get to see the manufacturing of private label goods. I think they're actually tomorrow going to be producing bonds-branded soft drinks while we're there. So it will be a lot of fun. I think you'll really enjoy it and really, really looking forward to hosting you tomorrow and seeing you at dinner tonight as well. Thank you.

Tom, I'm going to turn it back for questions.

Tom Gorman - ***Brambles - CEO***

Thanks, Karen. We're going to open it up to a question and answer session, and Jim's going to join me up here.

QUESTION AND ANSWER

Jim Ritchie - ***CHEP Americas - Group President***

Well, moving to question and answer and probably deflect most of the questions to our panel. Simon?

Unidentified Participant

Just the focus now on the lower-tier customers. How does that change your average time from first meeting to conversion? And also getting that win rate up from one per day, does that require more people or do you actually have the resources to get that up?

Karen Hempel - ***CHEP Americas - SVP Sales and Marketing***

We have focused some of our new incremental resources on the small and medium enterprise market. I'm going to spend a lot of time on Friday talking about it so let me be brief and I'll be happy to talk more about it. So really, when you look at the SME market and the reason your sales time - you know, time from initial contact to closing the business is much more condensed is for a couple of reasons -- one is, and probably really, really importantly - in many, many cases the retailer is the one who's advocated for us to work with that customer. So they'll either have the customer call us so it can come in through our inside sales center, or it can come through - the retailer would give us the lead and say hey, can you call this manufacturer, we would like them to ship on CHEP into our business.

So we'll contact them either through the inside sales center or, once (inaudible) are qualified if it requires field engagement we'll send it to the field and have a sales representative follow up on them from there. Then from there, we can then look at - let's just say for example that Wal-Mart was the person who said, hey, we'd really like this manufacturer to ship on CHEP. So we'll talk to them about that. Then you can look at the rest of their account base that they sell to, their customers, and see if those happen to be any of our customers as well.

Where you have a match then we can then convert those lanes to shipping on CHEP as well. So it's a much, much - it's a very focused sales cycle but it's also usually pretty quick because typically a small and medium enterprise business, they're very, very keen to drive scale with large retailers. So they want to do anything they can to help meet their goals. So if there's been a request from the retailer, it's also a great way for them to help contribute to sustainability initiatives. That's something that's very hard for them to do on their own. So it's another way for them to be able to contribute to them.

Unidentified Company Representative

Sorry, just one more. On the whitewood market, what are seeing there in terms of pricing and oversupply?

Unidentified Company Representative

I think overall pricing has remained relatively stable in the whitewood market. We certainly had a spike in lumber costs. That happened - they've not come back down to kind of a normal level. But we never really saw a material change in whitewood pricing. It's kind of all stayed relatively stable over the last 18 to 24 months.

Unidentified Participant

Just a couple of questions just on losses. Can you just touch on what initiatives are currently underway to reduce losses and then what the operating expense implications of those initiatives may be. Secondly, just regarding funding of issue growth going forward, I think Scott mentioned earlier that turns in Americas or US at the moment are around 3.5 times, which I assume is just on pallets currently in circulation. So just going forward, do you think you can do much better than that or do you think growth will be more funded by capital expenditure?

Unidentified Company Representative

Well, let me try and take those. I think those are probably a little bit more general. So, first off, in terms of programs to stem the tide of losses, I think it's important to remember it's really simple for competitor number two and number three to look at our customer base, not spend a lot of money on marketing and just try and pick off our customers. So it's really important that we do that.

When Karen talked about rolling out total account management, when you go out and visit customers, really what they tell you is, we don't really want to be in the pallet business. And who better to be in the pallet business than us. Tom said this one time, which I kind of liked. If our life didn't depend on it, we probably wouldn't care that much about it, but right now our life depends on it, you know, being in the pallet business. It is really important to us.

We've got the experience and the deep breadth of experience, so total account management is a new service offering. We're going to roll it out to our top customers because of the volume, really kind of mandate that it makes sense. We'll roll it out to every customer but at a certain threshold level it will actually be a chargeable service. So it is a protective item and we've used that very, very effectively in fiscal year 2010, as we rolled that out to customers that were under severe competitive threats with offers of outrageous deals. It was one of those things that was very important to them and allows us to free up their resources to focus on what they do best, and allows us to focus on what we do best.

Is there an operating expense component to that? Certainly. But then the reality is that we're shifting a lot of resources, and we're making investments in the business. It's always cheaper to keep a customer than it is to go out and find a new one and we certainly recognize that.

In terms of the second part of your questions - that was such a good answer part on the first part, I forgot the second part.

Unidentified Company Representative

Losses.

Unidentified Participant

Oh, on the losses.

Karen Hempel - ***CHEP Americas - SVP Sales and Marketing***

On cycle time.

Unidentified Participant

Right. Cycle time is between 3.5 and 3.7 today. What can we do to change cycle time? Well, there's a couple of things that we're working on, in terms of with retailers when they re-use our pallets. So we've got a couple of very specific programs. These are things we're going to do, so we're not going to really talk about them in detail. We're not going to talk about them in detail until we've actually done them. We've piloted them with several retailers and we're in the process of expanding that as one of our major initiatives. But what we're focused on is the amount of time that our asset spends at the retailer and how we can get that back. The better the quality, the longer they want to hold onto it, ironically. So we want to be able to turn those assets and get them back to us.

But I also will leave you with this, in terms of cycle time and the terms. The platform doesn't determine the cycle time. It's the customer, okay? So if you wanted to think that we could get to six, the platform doesn't determine the cycle time. Only the customer does. And it's the type of customer that you target, and there are some that are very fast moving but they are few and far between. As you continue to grow, that cycle time comes back into a normal level, which we think right now for us is sitting to 3.5 to 3.7. We've love to see that increase and we're going to take some very appropriate and aggressive steps to try and get our assets back so we can turn them quicker.

Karen Hempel - ***CHEP Americas - SVP Sales and Marketing***

Can I just add one thing on that though? Regarding the losses, I think the other thing we should make sure that we highlight is that the only account, the only major account that we have lost since the implementation of Better Everyday is ConAgra. And we didn't lose 100% of the business, so I think that's really, really important. I would say we're never comfortable. You know, I think like every good salesperson you're always paranoid. But I will say it feels more stable, however - and that's really due to the quality improvements that Tom's team has been doing. As well as, I'll tell you, quite frankly, from a customer standpoint, it's really about the approach - and it started with Jim, when he came into the business and the approach - our approach to the customers are saying, you guys aren't the arrogant CHEP that you used to be. So those things take time and they take time for them to really understand and for them to really believe that it's true and it's here to stay. But they are seeing that, but the quality has really made a huge, huge difference.

The other thing is, with respect to cycle time, total account management really helps us reduce cycle time with the customers as well, because you have better visibility. It's better for them, it's better for us. Helps them reduce our costs but it also helps us manage our assets much better. So Jim said there's some other things we're looking at but there's a lot of different initiatives around how to do you really increase the use of your assets, so more to come.

Unidentified Company Representative

If recall in (inaudible) presentation, we're adding about 25% more heads in our asset recovery group which reports to me. I didn't mention it in my presentation he had covered it earlier. So these are always self-funding and they're out everyday finding our assets that sometimes just wind up being stored in places. So that's a significant increase and they're underway hiring those right now.

Unidentified Participant

Just while on cycle times, can you gives us some indication of the cycle times of the contracts that you've lost? Are they within that 3.5 to 3.7 terms?

Unidentified Company Representative

I don't want to guess, Anthony. I'd probably be guessing if I gave you - my instinct tells me that they were a little bit higher. Scott, do you have any thoughts on that?

Unidentified Company Representative

It really just depends on the particular customers that we lost. In the beverage example, those typically at higher cycle times, which we had with some of the business that we lost with the Pepsi Quaker account back in fiscal year 2009. But we look at the ConAgra business, they have different product lines that have different cycle times and they're more representative of our total supply chain.

Unidentified Participant

Just on the slide regarding the value proposition vis-a-vis the competitors. A couple of things first - on the theme of getting back on offense, can you talk a little bit about lessons learned? How you were able to win back business that you lost first of all, and secondly picking the right clients is often times a key in any of our business. I'm just wondering, as you look at your client base, are there clients actually that you don't want to retain? Maybe they're too aggressive or there's not a right fit for CHEP?

Unidentified Company Representative

Well, let me start and then Karen, I'll defer to you or to Tom. But when you're in the middle of what I call a fairly aggressive turnaround, you always segment your customers based on profitability, right? I said before, it's not a hobby. We want to do this and make money at it and so, to the extent that you get to a point where you're not getting the kind of returns that you need, those are the customers you need to go back and have a robust dialogue, and talk about what pricing may be or where the account relationships may be.

So, certainly we have done - rest assured we have done our fair share of that. I think the good news is, a lot of the business was priced appropriately so there wasn't a drastic amount of that work that had to be done, and it was fairly isolated. To the credit of the team, we go through those tough conversations without losing a lot of business. We just materially changed the commercial relationship that we had, you know, with those customers. I think that was, you know, a really important part of that. But I think lessons learned goes back to even a little bit farther back. This is a great business with a great business model, a fantastic customer list, and they really brought supply chain value. I'll go back to Jim Collins' book, that sometimes success breeds - or gives you some blinders. Sometimes when you're real successful, you fail to take chances and you fail to innovate. And that innovation, I'll call barrier to entry, right? So you create an opportunity there that can sometime be the wake-up call that you need in order to get your business back in the position, back in fighting shape.

I think that sometimes, in a crazy sort of way, we're going to look back on this ten years from now and say, that was a really good thing for our business and it was a good thing for our customers and a good thing for our industry, because it got us - it woke us up and it got us back in fighting shape. I think right now, coming out of fiscal year 2010 with the momentum we've got, we're in it to win it.

Unidentified Participant

Do you mind if I just add something to that?

Unidentified Company Representative

Well, you're the boss so we'll kind of..

Unidentified Company Representative

What happens if we say no?

Unidentified Company Representative

I have a little more tenure, although I was in Europe watching from a distance at the time, but look, I think there is probably a cultural bit which Jim has touched on a little bit. But I think it's easy to be a revisionist historian here and I think it's quite dangerous to do that. I think, at the time, if you look at the growth pattern, the growth trajectory that CHEP in the US was on, it was very hard to see that pattern ever slowing down. I mean, there hadn't been a year where CHEP hadn't grown. I think that they - their view of what the customer wanted, they felt they were delivering to the customer expectations. Then as customers demanded more in terms of quality, the solution was to deliver new pallets because we need new pallets anyway.

I think that if we're going to be critical, we didn't really drive to the root cause of the issue. What was changing with the customer and what was the root cause of why they needed something different than we were supplying - I think that the discipline that we're trying to get to now with getting closer to the customer is really understanding what the root cause is in the market place, then you can choose to address that. There are customers that, look, we choose not to work with. At the end of the day, we're not a philanthropic organization. We're meant to be a profitable organization so you may find some customers that either have demands that are not consistent with an open pool, or they may have requirements that add more cost to our system that they're not willing to pay for. Then we're going to have make a decision to walk away.

But I would be careful as a general group of being very critical of the past, because I think they made decisions given the data at the point in time. What we're saying today is that getting to the root cause is critically important to understanding our customers better and then we can move forward from where we are today.

Unidentified Company Representative

Thanks for correcting me on that one. Translation - he didn't like my answer.

Unidentified Participant

The question was asked earlier - you've got the sales revenue pie chart and the split of that by customer size. And then I think Scott answered that utilization of the pool roughly equaled the revenue split. But I'm just curious, I would have thought the larger customers would have been on - you would generate lower revenue per turns from the larger customers, and also with some of the bigger retailers like Wal-Mart, you've got longer dwell-times. So that's obviously going to increase the utilization of the pool to revenue on those basis. So I'm just wondering, with those smaller customers where the claw back is? So what are the offsetting factors, benefits, that you get with the larger customers?

Unidentified Company Representative

Well, I think on Friday, Karen's presentation will go through that in a little more detail. But what I did mention earlier is that the relationship with the retailers, and the amount of dwell time that they have our pallets is something that we've got specific programs that we're right now - we've piloted with some, but we're right now in moving forward to implement with several others to change, materially change the amount of re-use and dwell time that occurs at that retailer. We've had great success with those that we've piloted it with, but we've still got more work to do before we're ready to comment on it more publicly.

When the small-to-medium size enterprise starts to ship into that retailer, you might think that just creates more pallet volume into that retailer and thus more dwell time and would slow down the cycle time. We don't believe that will happen, based on the other steps that we're taking. I'm sorry to be intentionally vague there but I want to make sure that we're right about the programs that we're getting ready to implement and that we've got proof of it before we talk more publicly about it.

Unidentified Participant

This is probably more a question for Tom Gorman, but just in relation to the stuff that you've gone through today with the Better Everyday program, how is that impacting the way you think about the global business?

Unidentified Company Representative

Well look, I think that's a great question because we don't run the businesses just uniquely US. They're not gigantic silos, US is doing this, Asia Pac is doing one thing and EMEA is doing another. In fact, today, the way we're organized to get best-practice sharing, we have a member of the executive leadership teams responsible for each one of the global councils, and as it turns out, Jim is responsible for the global operations council. The operating head of that happens to be Carmelo Alonso in Europe. But Kim sits on the same council, so we try our best to get - we use slightly different terminology and there are flavor differences between the markets but in terms of putting in lean discipline, putting in visual factory difference disciplines, standardization of practices, those are being handled as they counsel and as it turns out, Jim happens to oversee that.

The flipside is, on the logistics side, you'll meet Dan on Friday - Dan runs that, from an operational stand point but the executive head of that is Dolph Westerbos who sits in Europe. So we try and get best-practice sharing implemented through that structure within the CHEP business.

Unidentified Participant

As far as the timeframe goes, have you got any indication of - are you able to give us an idea of what sort of timeframe you're looking at?

Unidentified Company Representative

The timeframe for what?

Unidentified Participant

Globally, sharing of the ideas globally.

Unidentified Company Representative

There's nothing going on today that isn't shared globally.

Unidentified Company Representative

Yeah, it's active now.

Unidentified Company Representative

Yeah, and even - Tom has touched very briefly on the IDO project. That IDO team has a member on it from every regional group. You know, I've talked about this before but I also believe strongly in moving executives around the world. So Peter Mackie, who now runs Asia Pacific CHEP for us used to run Europe and he's brought all that intellectual property with him. So the ability to connect globally within CHEP is better than it has been and senior executives have responsibility to make that happen.

Unidentified Participant

Just two final questions. The 3.1 million issues that you've won back, that's been an increasing number? Obviously excluding ConAgra? Because there's talk out there that Gatorade is coming back onto CHEP?

Unidentified Company Representative

Well, we won't talk specifically about customer names but I will tell you that it is excluding ConAgra.

Karen Hempel - ***CHEP Americas - SVP Sales and Marketing***

(Inaudible) does not include Gatorade --

Unidentified Participant

Okay. Second question around Wal-Mart, them taking empty miles out of the system. Given they took TPM out of the system, is there a possibility of putting TPMs that you do back into their system?

Unidentified Company Representative

Well, I think anything is possible and it probably wouldn't be appropriate for us to comment on it, in terms of us putting TPM's facilities back into their system. But I will tell you this, and because it's directly from them, that the relationship we have with Wal-Mart right now today is stronger than it ever has been. We're touching them at a number of different places within their organization and we're extremely confident about that relationship.

Now, you can never take it for granted but it's something that we've worked very hard at. We've got a team on the ground there and it's extremely powerful to watch, when you go to visit - Tom's been there I think two or three times in his short tenure as CEO. That kind of attention they really appreciate. But when you walk in and they're trying to recall specific programs they have, and our people are naming the programs that they have that aren't related to pallets but are just programs that they're doing in their logistics department, our people are really ingrained.

It's quite comforting. If you didn't know who they were, you would have a hard time discerning between the Wal-Mart and the CHEP employees when you sit in a meeting and talk to them.

Unidentified Participant

Just a few questions here. One's just a tactical one. How do you actually track your asset turnover by customer?

Unidentified Company Representative

How do we track cycle time by customer?

Unidentified Participant

Exactly, because you don't know what pallets are picking up from the retailers.

Jim Ritchie - ***CHEP Americas - Group President***

Well, I think from an accounting standpoint - and Scott I'll defer to you in a second - but from an accounting standpoint, remember what happens is we issue pallets to a customer. A manufacturer or - they then are responsible to communicate back to us when they've moved them out of their system and who they've moved them to. Then it tracks, from that point, if it's gone to the retailer it sits there. Then we're able to count when they come back from the retailer how many of those pallets are actually coming back. So we're able to balance that system in that way, okay?

Unidentified Participant

But is that more of an estimate then?

Unidentified Company Representative

More of an estimate?

Unidentified Participant

So when you go back to a Safeway or a Wal-Mart, you're picking up 200 pallets but you actually don't know which 10 of those came from PNG and when they were shipped?

Unidentified Company Representative

True. Scott, I'll ask you to comment on that.

Scott Spivey - *CHEP Americas - SVP and CFO*

Yeah, I think the way Jim described it is accurate. So any of our customers, we track their reporting of flows from a time we issue to them to the retailer that they're participating with. We know the various retailers that they participate with, so we know the cycle time held at the manufacturer. Then, from a pool average, we understand, whether it be Wal-Mart or any other retailer, how fast they turn and return pallets to us, okay? And you really combine both of those to really understand the combined cycle time. You don't do it on a specific pallet, you do it on the averages.

Unidentified Participant

Okay, that's helpful, thanks. Then maybe from a bigger picture perspective, if you're operating in the economic environment that we're in today and it persists for a couple of year and we get to some sort of normal growth environment, what type of sales growth objectives do you guys have set for yourselves for the US division?

Jim Ritchie - *CHEP Americas - Group President*

Well, I think from getting into specifics, in terms of percentages we probably won't talk about the actual percentages that are here. But I will you this -- we're making investments in the sales organization by adding sales heads. We're coming off of our best sales year since 2006 in the USA business specifically. And keep in mind that we're now introducing new services, new products, and the quality of our product is better than it's been in a long, long time.

So we're going to be very, very aggressive in the market from a sales and from a growth standpoint. The three-pronged approach that Karen talked about, leveraging the existing relationships that we have with customers. We were at a customer a couple of weeks ago and they said, a year ago, Jim, when you came and saw us - it happened to be the first customer visit I had - they said, a year ago if you came and saw us and you wanted to talk about growth, we would have told you, focus on doing the basic fundamental things right, get the quality consistently at the level that we want, it will be easier to do business with. A year later, a couple of weeks ago, they said now is the time to talk about taking our relationship to the next level. Karen and I have been on a number of calls, as have Tom and I and others. We see a lot of growth opportunity within our existing base of customers and we've rebuilt that trust and we think we're primed and ready for it.

The new sales teams has additional heads, additional opportunities to go out and grow. They're coming off of a fantastic year, so we want to leverage that. Then the third component is aggressively going after the SME market. You'll see on Friday why we think we're more uniquely qualified than any competitor to go after that market and capture it.

Unidentified Participant

And just a quick housekeeping question - how large is the sales force right now? You talked about adding 20 but what does that mean on a relative basis?

Unidentified Company Representative

Total? The total number of heads in the team?

Karen Hempel - *CHEP Americas - SVP Sales and Marketing*

We ended up - we transferred about 150 to MaryAnn's team, so that was the account - account help, I think is what we typically refer it to. Then on the sales side now, it's about 180.

Unidentified Participant

Including the 20 that you've added?

Karen Hempel - *CHEP Americas - SVP Sales and Marketing*

Yes.

Unidentified Participant

Okay. Then lastly, this is a topic that's kind of been addressed from multiple perspectives today but from a profitability perspective, people have been asking about, where do plant costs and the percentages of the sales end up over time, et cetera. But I think your longer-term targets get to more of a mid-20s operating margin for the US division. Could you talk about what are some of the factors that give you confidence that you can get back to those levels? And maybe from a devil's advocate perspective, one could argue that your operating margin today, excluding your Better Everyday one-off costs, might be more of a normalized margin, because that's the level of operating (inaudible) you need to maintain the quality of pallets that your customers are demanding. So maybe you can just talk about what gives you confidence there.

Unidentified Company Representative

Let me talk about it from this standpoint. I think the business, as we've seen, is highly leveragable right now. So as we continue to bring growth into the business, and we've got a number of programs and initiatives, we discovered one of them here that we are working on behind the scenes, in terms of cycle time and getting the assets back from the retailer and unlocked from the retailer so that we can re-use them quicker without having to buy new.

So there's a number of things that we're in the process of doing that we're not talking about. Because when they're done then I think it makes more sense. It's kind of Tom's philosophy of say less and do more. That's really what we're trying to put in place here. So when we think about where we bring the business back, and I think about the leverage that's in the business model, I think there's tremendous operating leverage with a little bit of economic wind in our back, with the continued sales growth that we've got, unlocking the assets so that we can factor in some of the turns and the efficiencies that we get there.

I think we speak for Tom and probably a lot of the other people on the team - when we look at opportunities to take costs out of the business, they're plentiful I guess is the best way to say it. We've got to be focused, 'cause you can't do everything. If everything's important, nothing is. So we're going to continue to take costs out of the business. We're going to leverage the business model. We don't need to raise overheads. We're going to invest in growth and marketing and how we drive new services and new products. Some of those that we will charge for, some we won't, based on the customer size.

I think, when we see seasonality pop into the business, which it does from time to time - although we don't report it on a period-by-period basis, but when we see a seasonal peak occur - which, what does that mean - that means increased volume. When we see that happen, the incremental profit that falls to the bottom line gives us confidence that this business can get back into that margin level.

Unidentified Company Representative

I think from a timing standpoint, Tom's going to come up and take a few questions but for the rest of our team, I think we're...

Tom Gorman - *Brambles - CEO*

Well, thanks Jim and Tom and for the CHEP team again. Just as we did this morning, on behalf of everyone from Brambles here, so thanks very much to the CHEP Americas team and for your contribution this afternoon. Thank you very much.

We were actually just running a little bit behind schedule and we have about an hour until we're meant to board the busses. I'm going to be with you all through this evening, obviously all day tomorrow, and then we have some time set aside for question and answer on Friday afternoon. But I thought I would just offer, if there are any burning questions that you'd like to direct to me specifically or there are broader Brambles or CHEP questions that you'd like to get out today, I'm happy to take a few minutes of questions. Then I'll ask James to come up and just cover all the housekeeping. But it's been a long day, I know, thus far.

Well, I'll take that as, no thank you Tom. I appreciate that. Well look, before James just covers all the housekeeping, let me thank you all again for today. I know how difficult it is to make a long trip and then kind of be locked in to a talking heads session throughout the day. But just from looking around the room and looking at the focus that you've kept throughout the day and the interest in our business, it makes us feel very good. I know I speak for Greg on this as well. He and I are really the primary guys that are out spending time with investors, with analysts, with bankers. It's great to see your interest in our business and I hope that today was valuable to you. We're only one day through it. I would encourage you all to ask as many questions of our team as you feel necessary tonight. It is assigned seating for the evening but don't let that affect if you want to want to move around and talk to different people, please seek them out.

The whole team will be there this evening and then again tomorrow there'll be more time and then again tomorrow night at dinner. So thank you again for your participation and your focus during the day. James will cover off just a few housekeeping details and then we'll see you for dinner tonight. Thank you.

James Hall - *Brambles - Director, Investor Relations and External Communications*

Thanks, I'll be as brief as I can. You may have noticed there are some feedback surveys on your tables. We'd really appreciate it if you filled those in. We'll collect them on Friday at the end but it's very valuable in sort of putting together these kinds of events and knowing what you want to see and what you want to hear.

Tonight we're actually going by boat to the restaurant. The boat leaves from - you won't be surprised to hear - the side of the hotel where the water is, at about five-thirty sharp. So if we can all aim to be in the lobby at about six-fifteen, there'll be some of the team from Destination Pros, who are helping us with the event, will be there to point you in the right direction. We will be coming back by bus. Of course, if you want to stay out and go out after dinner please feel free but you will have to sort out your own transport in order to do that, but there's plenty of taxis around here so that shouldn't be an issue.

Dress code tonight is business casual. Aside from anything else, you probably will want a jacket 'cause we are going to be sitting outside and it can get a bit chilly in the evenings. Tomorrow morning, we're departing at eight o'clock from the valet area and we'll be loading the buses from seven-forty-five. We will be giving you lunch. We will be providing you with safety gear. But do grab something to eat in the morning if you want to get breakfast.

Tomorrow we'll be going to Vons, which is a CHEP distributor customer. We'll be going then to the Pico Rivera service center, then we'll be going onto Fontana with Recall and coming back here for dinner. If you can't come to anything, whether it be tonight or tomorrow, please do let one of us know so that we just know not to expect you. Finally, I'll just remind everyone if at all possible, just do try to keep wearing your name tags. It just helps the team here know - remember who they're talking to. So, thanks very much for today.