



From the Office of the Sales & Distribution Director

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8 January 2010

Dear Valued Customer,

Many of you will by now be aware of the strike that is currently under way at ABI. A small minority of workers embarked on the strike on 22 December 2009 as a result of a wage dispute.

There has unfortunately been a high level of violence and intimidation during the course of this strike, which has shocked the nation. The Food and Allied Workers Union (FAWU) has now called on workers in the beer division to embark on a sympathy strike.

In light of this call, it is important that we give you a factual account of what has actually transpired during this strike and what we are doing to ensure that we are putting in place strong contingency plans to ensure minimal disruption to you, our valued customer:

1. At the heart of the matter is FAWU's insistence on a 9.5% wage increase against ABI's offer of a wage and benefits increase of 8.3%, an increase which is substantially above the current inflation rate of 5.8%.
2. ABI's offer is more than fair. The global economic recession has had a significant impact on organisations across the globe. In South Africa, it is estimated that about a million people have lost their jobs and many organisations have been forced not to give increases in light of the impact of the recession in SA. The soft drinks business has been affected along with the rest of the SA market.
3. In terms of employment practices, including pay, ABI is one of South Africa's leading companies. Indeed, ABI and SAB are amongst the highest paying employers in the fast moving consumer goods industry and employees enjoy additional benefits including medical aid, provident fund, a 13th cheque and other benefits. This compares extremely favourably with packages offered elsewhere in the economy.
4. FAWU has issued a statement indicating that more than 3 000 beer workers will join in the sympathy strike. This is not possible, given that there are only 1 825 FAWU members in the beer division out of a total workforce of 5 567 and we are currently not anticipating that many union members will participate in the sympathy strike.

Directors

N J Adami (Chairman/Managing Director), S D Bluen, I H F Boesenberg, IV Everitt-Penhale (*British*), M P Fandeso#, H G Harvey, J M Kahn*, T V Maphai, K D Moroka#, W J McCauley, M M Ngoasheng#, C D Raphiri, G D Saunders, J S Ustas (*USA*) **Company Secretary** M C B Saxby

* Non Executive
Reg. No. 1998/006375/06

#Independent Non Executive



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We do not believe that extending the industrial action to beer is in the best interests of employees or the industry, having seen with dismay the high level of violence and intimidation which is now the hallmark of the strike at ABI.

The sympathy strike by FAWU members officially began Thursday, 7 January 2010, and there is currently no strike activity in any of our regions. There currently appears to be little appetite for a sympathy strike, but we are monitoring the situation closely.

We have implemented a strong contingency plan to ensure minimal disruption to the business as well as to you the customer.

Regards,

A handwritten signature in blue ink, appearing to read 'Wayne McCauley', is positioned above the printed name.

Wayne McCauley
Sales & Distribution Director