

FOSTER'S GROUP LIMITED 2010 ANNUAL GENERAL MEETING

MOST FREQUENTLY ASKED QUESTIONS

Q1: Does Executive and Director Remuneration effectively reflect financial performance?

Many shareholders have expressed concern that remuneration for Directors and executives was greater than it should have been, given the Company's performance.

As is common in all companies remuneration for Foster's executives is structured as a mix of fixed salary and incentives. This means a significant portion of potential reward remains contingent upon the achievement of business objectives and the generation of shareholder returns.

If individual executives, or the company, do not perform to the required level, bonuses are not paid.

As our 2010 Annual Report showed, no member of the Foster's Group Executive team received a short term incentive payment for the year. The Board believes current arrangements are consistent with the marketplace and strike an effective balance between risk, reward and the ability to attract and retain the best people.

Remuneration is reviewed annually against similarly sized roles in both local and international peer companies, and although salaries have been flagged to increase in the coming year, it is a relatively small increment and this will be the first such increase for most executives since 2008. Directors' fees have not increased since the beginning of 2009, and are expected to be held constant for the year ahead.

Q2: Can you please explain why the CEO has been awarded additional share opportunities when the company reported losses?

Related to the previous question is the concern that the CEO was given further shares as part of his participation in the Long Term Incentive Plan.

Incentives form an important part of all executives' remuneration, and are structured to ensure remuneration is both competitive and aligned to the interests of shareholders. The CEO's Long Term Incentive Plan is one part of the total remuneration structure for the CEO role.

Importantly, the award which was voted on at the AGM concerns a plan which will be measured by future performance. It is not granting shares now; it is merely an opportunity to receive shares, which is contingent on Foster's performance over the next 3 years. Challenging objectives must be met and these objectives span a number of key measures, such as dividends, share price, earnings and return on capital.

If these objectives are not met, the CEO will receive no benefit under the Long Term Incentive Plan, and his total reward (including both salary and incentive payments) is likely to be significantly less than the market remuneration for CEO's in comparable companies.

The Board also expects senior executives to invest their own capital in Foster's shares

to more effectively align with the interests of shareholders. In Ian's case, he holds in excess of one year's salary in the form of shares after just over two years in the role.

It is also worth noting that since Ian assumed the CEO role the share price has improved by 40%, and compares more than favourably to the ASX 200 index over the same time, which has declined by approximately 3%.

Q3: Is the demerger the best and only option for the company?

The decision to consider a demerger proposal was a matter of significant discussion and consideration by the Board.

However, we still believe it is necessary to fully and thoroughly evaluate the advantages and disadvantages before any final decision is made to recommend this option to shareholders.

As you will appreciate, this assessment is no simple process, nor is a demerger a straightforward process. Foster's beer and wine businesses in Australia had been run jointly for some years prior to the operational separation that occurred just over 12 months ago. There are still a number of areas that continue to be managed jointly; eg, logistics, procurement, debtor management, IT and a number of other support functions. Under a demerger these will all have to be separated over time.

There are also regulatory approvals to be gained, as well as many legal issues to overcome both in the structure of the holding company and with various shared agreements with suppliers and customers.

Since the announcement about a possible demerger, we have seen the market better understand the value inherent in our wine business, as evidenced by recent share price improvement.

Work on the potential demerger is progressing well with a number of issues to overcome but to date we have no critical impediments. We will continue to progress work throughout the remainder of 2010 and if a demerger is to proceed we currently expect it to be implemented in the first half of calendar 2011.

Again, should the Board believe the decision to demerge is in the best interests of shareholders, it will simply recommend that option, and the next stage is then for shareholders to vote on that recommendation.

Should shareholders reject any proposal under the rules that apply to shareholder votes of this type, the demerger will not proceed.

As always, the Board will continue to consider and review all options in the best interests of shareholders.

Q4: What is the company doing to increase workforce diversity?

Ensuring our workforce reflects the diverse communities in which we live and work is critically important for the ongoing success of our business.

The Board and the executive leadership team are committed to creating an inspiring and inclusive workplace where all staff are treated equally and fairly. That includes merit based recruitment and selection that reflects our own diversity, inclusion and anti-harassment policies as well as our commitments under instruments such as the UN Global Compact.

Across our operations internationally, representation of women in the workforce has remained steady at around 32% for the last three years. In 2010 we were also declared compliant by the Australian Equal Opportunity for Women in the Workplace Agency (EOWA). Also in 2010 we launched a career development program specially tailored to females in middle management, which aims to increase the proportion of females in management and to further develop their career planning.

We will seek to lift representation of female and other under-represented groups – especially at a senior leadership level and we will keep shareholders updated of our progress through our annual Sustainability Report.