

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Foster's Group Limited will be held at the City Recital Hall, 2-12 Angel Place, Sydney, New South Wales, Australia on Tuesday 25 October 2011, at 10.30 a.m.

Business:

Accounts

To consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 30 June 2011.

Resolutions

Re-election and Election of Directors

1. Mr P A Clinton retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
2. Ms P J Dwyer who was appointed a Director since the last Annual General Meeting, retires in accordance with the Company's Constitution and, being eligible offers herself for election.
3. Ms J Swales who was appointed a Director since the last Annual General Meeting, retires in accordance with the Company's Constitution and, being eligible offers herself for election.
4. Mr M J Ullmer retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
5. Mr M Wesslink who was appointed a Director since the last Annual General Meeting, retires in accordance with the Company's Constitution and, being eligible offers himself for election.

Information regarding the candidates for re-election and election can be found in the accompanying Explanatory Notes.

Special Business:

6. Approval of Proportional Takeover Provision

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That the Company insert a proportional takeover provision into the constitution as Rule 7.5 in the form set out in the Explanatory Notes and initialled by the Chairman for the purposes of identification with effect from the close of this meeting for a period of three years.'

7. Approval of the participation of Mr John Pollaers, Chief Executive Officer of the Company, in the Foster's Long Term Incentive Plan - 2011 offer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That approval be given for the grant of 480,044 performance rights to acquire shares in the Company to the Chief Executive Officer, Mr John Pollaers, in accordance with the terms of the 2011 offer under, and the rules of, the Foster's Long Term Incentive Plan on the terms summarised in the Explanatory Notes.'

8. Approval of the participation of Mr John Pollaers, Chief Executive Officer of the Company, in the Foster's Long Term Incentive Plan - 2012 offer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That approval be given for the grant of 480,044 performance rights to acquire shares in the Company to the Chief Executive Officer, Mr John Pollaers, in accordance with the terms of the 2012 offer under, and the rules of, the Foster's Long Term Incentive Plan on the terms summarised in the Explanatory Notes.'

9. Adoption of Remuneration Report

To consider and put to a non-binding vote the following resolution:

'That the Remuneration Report of the Company, as contained in the Directors' Report, for the year ended 30 June 2011 be adopted.'

By Order of the Board



Daniel Last
Secretary
Melbourne, 10 September 2011

Information for Shareholders

Shareholders who are entitled to vote

The Board has determined that for the purposes of voting at the meeting, shareholders will be taken to be those recorded in the Company's register of members as at 7.00p.m. (Melbourne time) on Sunday 23 October 2011.

Proxy Votes

A shareholder entitled to attend and vote at the meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the shareholder may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the proportion is not specified, each proxy may exercise half of the shareholder's voting rights. Fractional votes will be disregarded.

Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a shareholder of the Company.

A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of these notes, including the voting restrictions noted below).

If a proxy does not attend the meeting, then the Chairman of the Meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of these notes, including the voting restrictions noted below).

Direction to Chairman for Remuneration Report:

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on, Resolution 9 (Adoption of the Remuneration Report) by marking the appropriate box opposite Resolution 9 on the Proxy Form. However, if the Chairman of the Meeting is the proxy and the relevant shareholder does not mark any of the boxes opposite Resolution 9, the relevant shareholder will be directing the Chairman to vote in favour of Resolution 9.

The Proxy Form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged by 10.30a.m. (Melbourne time) on Sunday 23 October 2011 by one of the following methods:

- (a) by mail or in person at the registered office of the Company or the office of the Company's Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne, Victoria 3001;

or

Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067, Australia;

- (b) by facsimile to the Company's Share Registry on 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia); or
- (c) electronically, either via:
www.investorvote.com.au using the details printed on your personalised Proxy Form, or www.fostersgroup.com and clicking on 'AGM Proxy', or www.intermediaryonline.com for Custodian Voting (subscribers only).

If the Proxy Form is executed under a power of attorney that has not been noted by the Company, the power of attorney must accompany the Proxy Form.

In the case of joint shareholders, the names of all joint shareholders should be shown and all joint shareholders should sign the Proxy Form.

Corporations

A corporation that is a shareholder or a proxy may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with or presented to the Company before the meeting.

Voting Restrictions – ASX Listing Rules and Corporations Act

Resolutions 7 and 8

The following persons may not vote, and the Company will disregard the votes cast by the following persons, on Resolutions 7 and 8:

- Mr Pollaers or any of his associates. However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
- A member of the key management personnel for the Foster's consolidated group (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on Resolutions 7 and 8, unless:
 - the proxy is the Chairman of the Meeting at which Resolutions 7 and 8 are voted on; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 7 and 8 are connected directly or indirectly with the remuneration of a member of the key management personnel for the Foster's consolidated group.

Resolutions 9

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard the votes cast by the following persons, on Resolution 9:

- A member of the key management personnel for the Foster's consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), unless:
 - the person does so as proxy appointed in writing that specifies how the proxy is to vote on Resolution 9; and
 - the vote is not cast on behalf of a member of the key management personnel for the Foster's consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such member).
- A member of the key management personnel for the Foster's consolidated group whose remuneration details are not included in the Remuneration Report (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 9, unless:
 - the proxy is the Chairman of the Meeting at which Resolution 9 is voted on; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 9 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Foster's consolidated group.

Annual Report – Online

Foster's Annual Report for the year ended 30 June 2011 will be available on the Company's website at www.fostersgroup.com

Explanatory Notes

IMPACT OF RESOLUTIONS ON PROPOSED TAKEOVER BID BY SABMILLER

On 17 August 2011 SABMiller plc (“SABMiller”) announced that it was proposing to make an unsolicited highly conditional takeover offer for all the shares in the Company at a price of \$4.90 per share in cash, reduced by the amount of any dividend or distribution paid or declared by the Company after 17 August 2011 (the “Offer”).

In its announcement, SABMiller listed a number of defeating conditions that it proposes to attach to the Offer. The implication from SABMiller is that if any of these defeating conditions are breached, then SABMiller will be entitled to not proceed with, or otherwise withdraw, its Offer.

Several of the resolutions proposed for consideration at the meeting, if passed, would breach one or more of the defeating conditions proposed by SABMiller. In particular:

- The passing of any of the resolutions proposed for consideration at the meeting would breach the condition specified by SABMiller that no shareholder resolutions be passed.
- The passing of Resolution 6 (relating to the approval of the proportional takeover rule) would breach the condition specified by SABMiller that no changes to the Company’s constitution be made.
- The passing of Resolutions 7 and 8 (relating to the approval of the grant of performance rights to the Chief Executive Officer) may breach the conditions specified by SABMiller that (a) the Company not issue or agree to issue shares or options, or (b) the Company not increase the remuneration of, or otherwise vary the employment arrangements with, any of the Company’s directors.

Notwithstanding these issues, the Directors consider that it is appropriate that the resolutions be put to shareholders at the meeting and recommend that shareholders vote in favour of those resolutions (in the manner described in the Explanatory Notes). The Directors have reached this conclusion in light of the Directors’ intention to unanimously recommend shareholders reject the Offer and having regard to the follow factors:

- In accordance with its obligations under the law and the ASX Listing Rules, the Company is obliged to convene the annual general meeting and seek shareholder approval of the matters covered by Resolutions 1, 2, 3, 4, 5 and 9.
- For the reasons stated in the Explanatory Notes in relation to Resolution 6, the Directors consider that approval of Resolution 6 is in the best interests of shareholders and does not have any material impact on SABMiller’s Offer.
- The Directors consider that the proposed issue of performance rights to the Chief Executive Officer that are the subject of Resolutions 7 and 8 is consistent with the Company’s business as usual remuneration strategy and the number of performance rights proposed to be issued to the Chief Executive Officer is not material in the context of an offer by SABMiller for the whole Company. As such, the proposed issue of performance rights should not be a relevant consideration in determining whether SABMiller should not proceed with, or otherwise withdraw, its Offer.

RESOLUTION 1

Re-election of Mr P A Clinton as a Director

Mr Paul A Clinton, Business Administration DipIT is a non-executive Director and has been a member of the Board since March 2008. He is 52 years of age.

Mr Clinton has had extensive experience with distribution systems in the United States and Canada. From 1988 he held a number of senior roles with Diageo Group, and its predecessors, culminating in 2000 with his appointment as President and CEO of Diageo North America. Prior to his retirement in 2003, Mr Clinton also sat on the Board of Directors of the Distilled Spirits Council of the United States.

Mr Clinton is a member of the Audit and Risk Committee as well as the Human Resources Committee.

Mr Clinton is considered by the Board to be an independent Director.

An assessment of the performance of Mr Clinton has been conducted in the context of his skills, experience, knowledge, understanding of Foster’s businesses and the diversity represented on the Board. Further to that assessment, the Directors make the recommendation below.

Directors' Recommendation

The Directors (other than Mr Clinton who abstained because of his interest in the resolution) have resolved to recommend that shareholders vote in favour of the re-election of Mr Clinton. The Chairman intends to vote undirected proxies in favour of this resolution.

RESOLUTION 2

Election of Ms P J Dwyer as a Director

Ms Paula Dwyer, B.Com., FCA, FAICD, F.Fin is a non-executive Director and has been a member of the Board since May 2011. She is 50 years of age. Ms Dwyer is the Chairman of Tabcorp Holdings Limited and a Director of Astro Japan Property Group and of Suncorp Group Limited.

Ms Dwyer is an experienced company director. In addition to the above listed directorships, Ms Dwyer was a former Director of Healthscope Limited, Promina Group Limited, David Jones Limited and RACV Limited.

Ms Dwyer has had an extensive career in finance holding senior positions in investment management and investment banking. Ms Dwyer is a Member of the Takeovers Panel and Deputy Chairman of the Baker IDI Heart and Diabetes Research Institute.

Ms Dwyer is a member of the Audit and Risk Committee.

Ms Dwyer is considered by the Board to be an independent Director.

Directors' Recommendation

The Directors (other than Ms Dwyer who abstained because of her interest in the resolution) have resolved to recommend that shareholders vote in favour of the election of Ms Dwyer. The Chairman intends to vote undirected proxies in favour of this resolution.

RESOLUTION 3

Election of Ms J Swales as a Director

Ms Judith Swales, B.Sc. Microbiology and Virology is a non-executive Director and has been a member of the Board since May 2011. She is 44 years of age. Ms Swales is a Director of Dulux Group Limited.

Ms Swales has been appointed Managing Director of Heinz Australia effective 19 September 2011.

Ms Swales has more than 20 years' experience in high profile, global, consumer facing companies in commercial and managerial roles. Prior to joining Foster's, Ms Swales was the Chief Executive Officer and Managing Director for Goodyear & Dunlop Tyres ANZ. Ms Swales is also a former Managing Director of Angus & Robertson and has held positions at UK retailers WH Smith plc and Marks & Spencer plc.

Ms Swales is a member of the Human Resources Committee.

Ms Swales is considered by the Board to be an independent Director.

Directors' Recommendation

The Directors (other than Ms Swales who abstained because of her interest in the resolution) have resolved to recommend that shareholders vote in favour of the election of Ms Swales. The Chairman intends to vote undirected proxies in favour of this resolution.

RESOLUTION 4

Re-election of Mr M J Ullmer as a Director

Mr Michael Ullmer, BSc(Maths) (Hons), FCA, SF Fin., is a non-executive Director and has been a member of the Board since July 2008. He is 60 years of age. Mr Ullmer has been a Director of National Australia Bank (from October 2004 until 31 August 2011).

Mr Ullmer has strategic, financial and management experience developed over a 30 year career in international banking and finance. He is a former Finance Director of the National Australia Bank and was the Bank's Deputy Group Chief Executive Officer until 31 August 2011. From 1972 until 1992 Mr Ullmer worked with KPMG in London, the US and Australia and then joined Coopers and Lybrand to lead their Asia Pacific Financial Services Group. In 1997 he joined the Commonwealth Bank of Australia as Group Chief Financial Officer and then Group Executive with responsibility for Institutional and Business Banking.

Mr Ullmer is the Chairperson of the Audit and Risk Committee and a member of the Succession Committee.

Mr Ullmer is considered by the Board to be an independent Director.

Explanatory Notes *continued*

An assessment of the performance of Mr Ullmer has been conducted in the context of his skills, experience, knowledge, understanding of Foster's businesses and the diversity represented on the Board. Further to that assessment, the Directors make the recommendation below.

Directors' Recommendation

The Directors (other than Mr Ullmer who abstained because of his interest in the resolution) have resolved to recommend that shareholders vote in favour of the re-election of Mr Ullmer. The Chairman intends to vote undirected proxies in favour of this resolution.

RESOLUTION 5

Election of Mr M Wesslink as a Director

Mr Michael Wesslink, BSc (Chem Eng) Syd, MBA, is a non-executive Director and has been a member of the Board since May 2011. He is 64 years of age.

Mr Wesslink has over 35 years experience in the liquor industry, most recently as Chief Executive of ALM, the Liquor Division of Metcash Limited. He also served as an executive director on the Metcash Board. Mr Wesslink previously held the Chief Executive position at Tooheys Limited and The Swan Brewery Company Limited. He has held senior positions at Lion Nathan, Castlemaine Perkins and Wynn Winegrowers and is a former Managing Director of Amcor Containers Packaging Asia.

Mr Wesslink is the Chairperson of the Human Resources Committee.

Mr Wesslink is considered by the Board to be an independent Director.

Directors' Recommendation

The Directors (other than Mr Wesslink who abstained because of his interest in the resolution) have resolved to recommend that shareholders vote in favour of the election of Mr Wesslink. The Chairman intends to vote undirected proxies in favour of this resolution.

RESOLUTION 6

Proportional Takeover Provision

The Corporations Act permits a company's constitution to include a provision that enables it to refuse to register shares acquired under a proportional

takeover bid unless shareholders approve the bid. The current proportional takeover provision ceases to have effect on 29 October 2011.

The directors consider it in the interests of shareholders to continue the proportional takeover provision for the maximum period permitted by law, being a further three years.

The form of proposed Rule 7.5 is located at the end of the Explanatory Note to this resolution.

Proportional Takeover Bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares (i.e. less than 100 per cent).

Effect of a Proportional Takeover Bid Provision

If a proportional takeover bid is made, the directors must ensure that a meeting is held, more than 14 days before the last day of the bid period, at which shareholders will consider a resolution to approve the takeover bid.

Each shareholder has one vote for each fully paid share held. The vote is decided on a simple majority. The bidder and its associates are not allowed to vote. If the resolution is not passed, no transfer will be registered as a result of the takeover bid and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid is taken to have been approved. If the bid is approved (or taken to have been approved) all valid transfers must be registered.

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until 25 October 2014 unless again renewed by shareholders.

Knowledge of any Acquisition Proposals

As noted at the beginning of these Explanatory Notes, on 17 August 2011 SABMiller announced that it was proposing to make an unsolicited highly conditional takeover offer for all the shares in the Company at a price of \$4.90 per share in cash, reduced by the amount of any dividend or distribution paid or declared by the Company after 17 August 2011. SABMiller's announcement of the Offer has in no way influenced the Board's decision to propose Resolution 6, and the proposal to renew the proportional takeover approval provisions is consistent with the Company's historic practice of renewing its proportional takeover approval provisions every three years.

At the date of this Notice of Meeting, no director is aware of any other current proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

Reasons for and Potential Advantages and Disadvantages of Rule 7.5

The directors consider that the takeover approval provisions have no potential advantages for them.

The reasons for and potential advantages of Rule 7.5 for shareholders include:

- shareholders have the right to decide by majority vote whether to accept a proportional takeover bid;
- it may help shareholders to avoid being locked in as a minority and avoid the bidder acquiring control of the Company without paying an adequate control premium (i.e. not being required to pay for all of the shares on issue);
- it increases shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder to form an opinion on whether to accept or reject an offer under the bid.

The potential disadvantages for shareholders of Rule 7.5 include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity to sell some of their shares at a premium; and

- the likelihood of a proportional takeover succeeding may be reduced.

While the existing proportional takeover provisions have been in effect there have been no formal proportional takeover bids for the Company. The directors are not aware of any potential bid that was discouraged by Rule 7.5.

The directors do not believe the possible disadvantages outweigh the advantages of the proportional takeover provisions operating for the next three years.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

RULE 7.5 – Approval Required for Proportional Takeover Bid

- (a) Where offers have been made under a proportional takeover bid (in this **Rule 7.5** referred to as a "bid") for Securities:
 - (i) the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution (in this **Rule 7.5** referred to as an "approving resolution") to approve the bid is passed in accordance with the provisions of this Constitution;
 - (ii) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class Securities is entitled to vote on an approving resolution;
 - (iii) the approving resolution must be voted on at a Meeting of the persons entitled to vote on the resolutions, convened and conducted by the Company, and the provisions of this Constitution that apply to a general Meeting apply, with such modifications as the directors decide are required in the circumstances; and
 - (iv) an approving resolution that has been voted on is taken to have been passed if the number of votes in favour of the resolution is greater than 50%, and otherwise is taken to have been rejected.

- (b) To be effective, an approving resolution in relation to a bid must be passed before the 14th day before the last day of the bid period.
- (c) If no resolution to approve the bid has been voted on in accordance with this **Rule 7.5** as at the end of the day specified in **Rule 7.5(b)**, a resolution to approve the bid is taken, for the purposes of this **Rule 7.5**, to have been passed in accordance with those provisions.
- (d) This **Rule 7.5** ceases to apply at the end of three years following the date of adoption or last renewal of this **Rule 7.5**.

RESOLUTIONS 7 AND 8 – Approval of the participation of Mr John Pollaers, Chief Executive Officer of the Company, in the Foster’s Long Term Incentive Plan – 2011 and 2012 offers

ASX Listing Rule 10.14 requires shareholder approval for a grant of awards to Mr Pollaers under the Foster’s Long Term Incentive Plan (LTIP).

Foster’s received a waiver from this requirement in respect of Mr Pollaers 2011 LTIP Award in the context of the demerger of the Group’s wine business. However, the Board has determined that notwithstanding the waiver, as a matter of good governance, shareholder approval will be sought for the 2011 LTIP Award.

In addition to being asked to approve the ‘normal’ 2011 LTIP grant, the Board is proposing that the 2012 LTIP grant be brought forward and that shareholders approve this ‘additional’ grant of LTIP Awards for the CEO at this meeting. As detailed below, the ‘additional’ grant will be subject to a 4 year performance period (rather than the 3 year performance period applicable to the ‘normal’ grant).

Each performance right entitles its holder to be allocated a share in Foster’s. The share is only allocated upon vesting of the right which, in general, will occur following testing of the applicable performance conditions at the end of the performance period.

Shareholders are asked to approve the grant of:

- (a) 480,044 performance rights in respect of the 2011 LTIP offer; and
- (b) 480,044 performance rights in respect of the 2012 LTIP offer,

to Mr Pollaers pursuant to the terms of the Foster’s LTIP as summarised below.

The Board is proposing this course of action for the CEO and certain other LTIP participants in order to establish an appropriate level of long term incentive for our executive team, noting that as a result of the changes in management following the demerger, many of our senior executives have only recently been appointed or promoted to their current roles. Given the recent interest shown in Foster’s by SABMiller the Board also wishes to provide management with an incentive to remain with Foster’s during this period of ownership uncertainty.

Shareholder approval is also sought for the purposes of section 200B of the Corporations Act to enable the Board to exercise a discretion under the LTIP Rules to vest some or all performance rights in the event of cessation of Mr Pollaers’ employment prior to the end of the performance period in appropriate circumstances, including death or disability. The Corporations Act provides that any such ‘accelerated’ vesting of performance rights prior to the end of the applicable performance period will be deemed a termination benefit for the purposes of the Act.

A brief overview of the details of the proposed grant is set out below. Further details of Mr Pollaers’ remuneration package are set out in the Remuneration Report of the Annual Report.

Nature of grant

If approval is obtained, Mr Pollaers will be granted 960,088 performance rights.

The performance rights will be granted in two tranches as follows:

- Tranche 1: 480,044 performance rights in respect of the 2011 LTIP offer; and
- Tranche 2: 480,044 performance rights in respect of the 2012 LTIP offer.

Each performance right entitles Mr Pollaers, upon vesting, to one fully paid ordinary share in Foster’s Group Limited.

The number of performance rights to be granted in respect of each Tranche has been determined based on the weighted average of Foster’s share price for the five trading days following the 2011 full year results announcement (ie from 23 August to 29 August 2011).

Explanatory Notes *continued*

Date of grant of performance rights

If shareholder approval is obtained, the performance rights will be granted to Mr Pollaers shortly after the AGM, and in any event no later than 30 days after the AGM.

Performance period/s

Tranche 1 has a three year performance period, from 1 July 2011 to 30 June 2014.

Tranche 2 has a four year performance period, from 1 July 2011 to 30 June 2015.

Performance conditions

Each Tranche is subject to 2 separate performance measures.

Half of each Tranche (50%) is subject to the following Group Total Shareholder Return (TSR) vesting schedule:

| TSR CAGR | % of Performance Rights which vest* |
|----------|-------------------------------------|
| At 8.5% | 50% |
| At 12.5% | 100% |

*Note: pro-rata vesting between 8.5% and 12.5% performance.

The other half of the Tranche (50%) has an EBIT performance condition based on the compound annual growth rate (CAGR) of EBIT over the performance period.

Threshold vesting commences at 5% compound annual growth over the applicable performance period. Full vesting occurs for compound annual growth in EBIT at levels consistent with outperformance under the Board approved long term plan.

The levels of EBIT CAGR required to attract full vesting of the performance rights under the Board approved long term plan are commercially sensitive, particularly in light of the recently announced takeover offer for the company, and therefore will not be disclosed at this time. The applicable EBIT CAGR targets will, however, be disclosed on a retrospective basis in the Remuneration Report following the end of the performance period to ensure transparency for shareholders.

Testing of performance conditions

The performance conditions applicable to each Tranche will be tested as follows:

- Tranche 1 – will be tested within one month after the 2014 results announcement.
- Tranche 2 – will be tested within one month after the 2015 results announcement.

Any performance rights which do not vest at the end of the applicable performance period will lapse and will not be subject to retesting.

Price payable on grant or vesting

No amount is payable at grant or upon vesting of the performance rights.

Restrictions on the trading of the shares once vested

Shares allocated upon vesting of the performance rights are not subject to any further restrictions on dealing (aside from complying with the Company's Share Trading Policy).

Cessation of employment

If Mr Pollaers ceases employment before the end of the applicable performance period for each Tranche, all unvested performance rights will lapse.

In exceptional circumstances (such as death and disability or other circumstances approved by the Board), the Board may determine, in its absolute discretion, following the end of the applicable performance period, that Mr Pollaers will receive a cash payment (after deduction of any amount required by law to be withheld), based on the portion of the relevant performance period that has elapsed at the time of cessation of employment and the degree to which the performance condition/s have been achieved.

The Plan Rules also provide flexibility for the Board to exercise its discretion to determine that some or all performance rights vest at the time of ceasing employment should the Board deem it appropriate in the circumstances, such as if Mr Pollaers was to die or be unable to perform his duties as a result of total and permanent disablement.

Other information (including for the purposes of section 200E of the Corporations Act)

Mr Pollaers is the only director entitled to acquire performance rights under the LTIP.

Subject to Board discretion and in accordance with the terms of offer for certain other LTIP participants, in the event of a Change of Control all of the performance rights granted to the CEO in Tranche 1 will vest and, in the year following grant, half of the performance rights in Tranche 2 will vest. In relation to Tranche 2, after the first anniversary of grant, a Change of Control will result in vesting of the greater of half of the performance rights or the number based upon testing of the applicable performance conditions.

During the 2011 financial year, the previous Chief Executive Officer, Mr Johnston, was granted 487,700 performance rights under the LTIP in accordance with shareholder approval received at the Company's 2010 AGM.

For the purposes of the termination payments provisions, the value of any of the performance rights to be granted to the CEO that may vest on ceasing employment cannot currently be ascertained, as this benefit is dependent upon the Company's share price at the time the performance rights vest (determined by multiplying the number of performance rights that vest at the time of cessation of employment by the closing market price of the Company's shares on the ASX at that time).

The circumstances which will affect the calculation of this value include:

- the performance against the performance conditions at the time employment ceases;
- the fraction of the performance period that has elapsed at the time his employment ceases; and
- the market price of shares on the ASX at the relevant time.

The Board has, as part of the thorough and detailed remuneration review to be undertaken during the 2012 financial year, reserved its right to adjust the applicable targets for the LTIP performance conditions to ensure they remain appropriate following that review. Any such adjustments will be reported in Foster's 2012 Remuneration Report.

If shareholder approval of Mr Pollaers' participation in the 2011 and 2012 LTIP offers is not obtained, the Company will provide Mr Pollaers with a cash benefit that will place him, as far as possible, in the same after tax financial position as he would have been had he participated in the LTIP offer (that is, subject to achieving the same performance conditions over the relevant performance periods).

Directors' Recommendation

The Directors (other than Mr Pollaers) recommend that shareholders vote in favour of Resolutions 7 and 8.

To the extent permitted by law, the Chairman intends to vote undirected proxies in favour of Resolutions 7 and 8.

RESOLUTION 9

Adoption of Remuneration Report

Consistent with section 250R of the Corporations Act, shareholders are asked to consider and adopt by way of a non-binding resolution the Remuneration Report for the year ended 30 June 2011. Although the vote on this resolution does not bind the Company, as a result of amendments to the Corporations Act generally known as the "two strikes rule", shareholders should note that the results of this item may impact the conduct of next year's Annual General Meeting. The Directors encourage shareholders to apply the same level of diligence in relation to voting on this resolution as they do with the binding resolutions. There will be a reasonable opportunity for discussion of the report at the meeting.

The Remuneration Report is a distinct section of the annual Directors' Report which deals with the remuneration of Directors and executives of the Company. The Remuneration Report can be located in the Company's Annual Report. It will also be available on Foster's website at www.fostersgroup.com

The Remuneration Report includes:

- an explanation of the Board's policies in relation to the nature and level of remuneration of Directors and executives;
- a discussion of the link between executives' remuneration and the Company's performance; and
- details of any element of the remuneration of Directors and executives that is dependent upon the satisfaction of a performance condition.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of this resolution. The Directors acknowledge however that they have a personal interest in some aspects of the Remuneration Report. To the extent permitted by law, the Chairman intends to vote undirected proxies in favour of this resolution.

LOCATION OF ANNUAL GENERAL MEETING

Angel Place is located in the centre of the CBD, running between George Street and Pitt Street, a short distance north (harbour side) of Martin Place.



Annual General Meeting

City Recital Hall,
2-12 Angel Place, Sydney,
New South Wales, Australia.

Tuesday 25 October 2011,
at 10.30am.

Public Transport

Train: Wynyard and Martin Place train stations are both within 5 minutes walk of the venue.

Bus: The closest bus stop is on George St, outside Wynyard train station.

