

## Foster's Group Limited 2008 Annual General Meeting

### Shareholder Frequently Asked Questions

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#### **Why are you increasing the limit for directors' fees again?**

Many shareholders asked why we are seeking an increase in Directors' fees for 2009.

To be clear, it is the aggregate fee limit for non-executive directors that we are proposing to increase to \$2 million.

This allows the flexibility to attract and appoint directors if, and when, it becomes appropriate to do so.

Were the cap not lifted, your Board would be limited in its ability to sustain the size of the current Board in 2009, once replacements for Graeme McGregor and Ian Johnston are appointed.

On the matter of Individual Directors fees, we set amounts and increases at the appropriate level to ensure we can attract and retain the best non-executive directors.

In determining fee increases, we not only seek external advice and look at the responsibility and time commitments imposed on directors generally, but also review the fees paid to non-executive directors in comparable major Australian listed companies.

#### **Why are executives paid more when reported profits fell?**

A related question frequently raised was why overall executive remuneration increased in a year when reported profits did not meet expectations.

It is true that total remuneration rose slightly for the year, just less than one percent.

However, the remuneration of senior executives, excluding payments relating to resignations and retirements – actually fell by 15%.

Senior executive remuneration is made up of a mixture of salary and incentives to ensure that a significant part of potential remuneration depends on the achievement of business objectives and generating adequate shareholder returns.

If individual executives, or the company, do not perform, total rewards for executives will be less, as occurred in 2008.

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.

**Would the Board consider spinning off or selling the wine business?**

Another popular question was whether the Board would consider a sale or de-merger of our wine assets.

As I said earlier in my address, we are currently at an advanced stage of a comprehensive wine review.

I am not going to pre-empt those findings but I will restate our intention to look at every option to maximise shareholder returns.

I want to assure you that after over a decade of investment in the wine sector – and given the genuine uncertainty in global financial markets – your Board is taking the appropriate care and consideration in agreeing the future strategy and structure for our substantial wine assets.

**What is Foster's doing about responding to social responsibility concerns?**

Many shareholders were also interested to know how Foster's is responding to growing public concern around alcohol misuse and related social issues.

As a Board we are aware of changing community attitudes and committed to encouraging a culture of responsible alcohol consumption.

We invested over \$2 million in programs and activities to promote a cultural shift in community attitudes to alcohol misuse in 2008 and have taken direct actions to respond to community concerns.

We chose to exit added energy and high alcohol ready-to-drink products during the year and have developed a range of lower alcohol beers and wines across our portfolio.

Our advertising materials strictly adhere to the laws, standards and voluntary codes that apply in each region and our 'Enjoy Responsibly' logo is displayed on all Foster's primary packaging and advertising materials.

And, where appropriate, we contribute directly to organisations and initiatives that mitigate the potential negative impacts of alcohol misuse.