



28 August 2007

FOSTER'S ANNOUNCES \$350 MILLION CAPITAL MANAGEMENT PROGRAM INCLUDING \$250 MILLION OFF-MARKET BUY-BACK

Foster's Group Limited (Foster's) today announced its intention to return up to \$350 million of capital to shareholders through a combination of an off-market and on-market share buy-back.

Foster's intends to buy back up to \$250 million worth of shares through an off-market buy-back tender process (the Buy-Back). Acquisitions under an on-market buy-back of up to \$100 million worth of shares will not commence until the completion of the off-market buy-back tender.

"Strong cashflow performance in 2007, recently completed asset and business sales and continuing confidence in our ability to generate strong operating cash flows will enable Foster's to return funds to shareholders," said Foster's Chief Executive Officer, Trevor O'Hoy.

The capital management program will assist in managing gearing levels and Foster's capital structure, and is consistent with Foster's investment grade credit rating.

The decision to include an off-market buy-back within the capital management program follows the success of Foster's off-market buy-back completed in April 2007, and the Board's view that the process provides benefits to both participating and non-participating shareholders.

The on-market buy-back will enable Foster's to increase the size of its capital management program in a manner that is consistent with its intention to remain in a position to fully frank dividends for the foreseeable future. It also allows Foster's to return capital at times, and in amounts, consistent with its operating cashflow profile.

Participation in the Buy-Back is optional with tender applications closing at **7:00pm, Melbourne time, on Friday, 12 October 2007.**

Foster's has appointed Goldman Sachs JBWere (financial), Corrs Chambers Westgarth (legal) and Shaddick & Spence (tax) as advisers to the Buy-Back.

Further information

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CONDUCT OF THE OFF-MARKET SHARE BUY-BACK

The Buy-Back is open to all eligible Foster's shareholders¹ who are registered as at Thursday, 6 September 2007 and participation is optional. Under the proposed tender process, eligible shareholders may tender some or all of their shares at discounts of between 8% and 14% inclusive (at 1% intervals) to the Market Price² and / or as a final price tender.

Shareholders who elect the final price tender will receive the Buy-Back price, which is the price that equates to the largest discount (within the discount range) that can be applied to the Market Price that will enable Foster's to purchase the amount of capital it determines to buy back. Only shares tendered at a discount greater than, or equal to, the final discount (or as a final price tender) will be accepted and purchased, subject to any scale back requirements. Tenders can also be made conditional upon a minimum price.

All shareholders whose tenders are successful will receive the same Buy-Back price.

No brokerage should be payable by shareholders who choose to participate in the Buy-Back.

While Foster's intends to buy back \$250 million of shares under the Buy-Back, it retains absolute discretion to vary the size of the Buy Back depending on demand and market conditions including by choosing not to buy back any shares.

DIVIDEND REINVESTMENT PLAN SHARES

Shares issued under the Foster's dividend reinvestment plan (DRP) with respect to the final dividend for the financial year ended 30 June 2007 will not have an entitlement to participate in the Buy-Back.

Shareholders who wish to tender all of their shares into the Buy-Back may wish to consider withdrawing from the DRP to avoid the possibility of being left with a small parcel of shares after the Buy-Back. A notice of withdrawal from the DRP must be received by Computershare by 5:00pm, Melbourne time, on Thursday, 6 September 2007.

TAX CONSIDERATIONS

For Australian tax purposes, the Buy-Back price is proposed to comprise the following:

- a) a capital component of \$1.83 per share; and
- b) a fully franked dividend equal to the Buy-Back price less \$1.83.

For the purpose of Capital Gains Tax calculations, the capital proceeds will be the \$1.83 capital proceeds plus an amount equal to the excess of the Tax Value³ over the Buy-Back price.

¹ Any person who is in the United States or who is a "US Person" (as defined in the United States Securities Act of 1933) or resident of Canada is not entitled to participate, directly or indirectly, in the Buy-Back. In addition, American Depositary Receipts representing Foster's shares and certain employee shares which have restrictions on transfer may not be tendered into the Buy-Back. Also excluded are persons to whom Foster's is currently prohibited by law from making payments.

² The Market Price is the volume weighted average price of Foster's ordinary shares on the ASX over the five trading days up to and including Friday, 12 October 2007 excluding certain trades not considered 'at market' trades.

³ The Tax Value for the Foster's Buy-Back will be \$5.73 (being the VWAP of Foster's shares over the five trading days up to and including Monday, 27 August 2007 adjusted to be on an ex-dividend basis) adjusted for any change in the ASX / S&P 200 from the opening of trading on Tuesday, 28 August 2007 to the close of trading on the closing date (expected to be Friday, 12 October 2007). The calculation adopts the methodology contained in the 2004 Australian Taxation Office (ATO) Taxation Determination, TD 2004/22, which sets out the ATO's view generally in relation to determining the Tax Value of shares bought back off-market.

The “45 day rule” generally requires that shares must be held “at risk” for a minimum of 45 days to qualify for franking credits and tax offsets. In order to satisfy this rule under the timetable set out below, shares sold into the Buy-Back must be acquired on or before Thursday, 30 August 2007. Shares acquired on or after Friday, 31 August 2007 on an ex-entitlement basis will typically not affect a shareholder’s ability to claim franking credits on shares acquired on or before Thursday, 30 August 2007 that have been tendered into the Buy-Back.

The Buy-Back will have different tax consequences for different shareholders, and shareholders should obtain their own tax advice to take account of their particular circumstances.

SCALE BACK

If the total number of shares tendered at or below the Buy-Back price (including final price tenders) is greater than the number of shares that Foster’s determines to buy back, Foster’s will scale back tenders.

The scale back has been structured to ensure that eligible shareholders with small holdings will not be disadvantaged. Before applying any scale back, Foster’s will first buy back a “Priority Parcel” which is expected to be 800 shares from each shareholder.

Additionally, shareholders who tender all their shares at one or more tender discounts equal to or greater than the Buy-Back discount and / or as a final price tender and who would be left with a holding of 300 shares or less as a result of the scale back will have their Tender(s) accepted in full without applying a scale back. However, this will not apply to shareholders registered to participate in Foster’s DRP as at the DRP record date (Thursday, 6 September 2007) or shareholders that become the registered holder of additional shares after Thursday, 6 September 2007.

IMPORTANT NOTICE

The full terms and conditions of the Buy-Back will be contained in the Buy-Back documents, which will be posted to all shareholders along with a personalised tender form by Wednesday, 12 September 2007.

A copy of the booklet will also be available at www.fostersgroup.com from Monday, 10 September 2007.

Eligible shareholders are advised to obtain their own financial, taxation and other professional advice on the implications of participating in the Buy-Back.

This announcement does not constitute an offer to purchase or a solicitation of an offer to purchase any securities in any jurisdiction.

The Buy-Back is not available to US Persons, Canadian residents or persons in the United States of America and is not being made and will not be made, directly or indirectly, in or into the United States. The Buy-Back documents, and any and all related materials, are not being and must not be sent or otherwise distributed in or into the United States or Canada. Any person receiving any documents relating to the Buy-Back (including custodians, trustees or nominees holding shares for US Persons or residents of Canada) must not distribute or send them or make them available to US Persons or residents of Canada. Any purported acceptance of the Buy-Back resulting directly or indirectly from a violation of these restrictions will be invalid.

OFF-MARKET BUY-BACK TIMETABLE

Date	Event
Thursday, 30 August 2007	Last day that shares can be acquired to be eligible for franking credit entitlement for the Buy-Back.
Friday, 31 August 2007	Shares quoted ex-entitlement to participate in the Buy-Back. Shares acquired on the ASX on or after this date will not confer an entitlement to participate in the Buy-Back. <i>Shares quoted ex-entitlement to Foster's final dividend for the financial year ended 30 June 2007.</i>
Thursday, 6 September 2007	Buy-Back record date: determination of eligible shareholders entitled to participate in the Buy-Back. <i>Final dividend record date and determination of shareholders entitlement to the final dividend. Notice of shareholders' intentions in relation to participation in the DRP must also have been received by this date.</i>
Wednesday, 12 September 2007	Mailing of Buy-Back documents to shareholders completed.
Monday, 17 September 2007	Tender period opens.
Monday, 1 October 2007	<i>Payment of final dividend (or issue of shares to participants in the DRP). Note that any shares issued under this DRP entitlement are not eligible to participate in the Buy-Back.</i>
Friday, 12 October 2007	Tender period closes. Tenders must be received by the Foster's share registry no later than 7:00pm, Melbourne Time.
Monday, 15 October 2007	Announcement of the Buy-Back Price and scale back (if any).
Friday, 19 October 2007	Dispatch / crediting of Buy-Back proceeds to participating shareholders completed.

While Foster's does not anticipate changing these dates, it reserves the right to do so by way of an announcement to the ASX.

Further information on the Buy-Back will be available on the Foster's website www.fostersgroup.com when released.

A Foster's Buy-Back enquiry line will be available from 10 September on 1300 731 671 within Australia or +61 3 9415 4684 outside Australia⁴.

⁴ Shareholders calling from outside Australia should note that this is not a free call.