



**20 February 2007**

## **FOSTER'S ANNOUNCES \$400 MILLION OFF-MARKET SHARE BUY-BACK**

Foster's Group Limited (Foster's) today announced its intention to return up to \$400 million to shareholders through an off-market share buy-back.

"A combination of asset sale proceeds and confidence in our ongoing ability to generate strong operating cash flows has enabled Foster's to return funds to shareholders," said Foster's Chief Executive Officer, Trevor O'Hoy. "Our balance sheet is strong and, with increasing confidence in the timing of announced asset sales, we believe this is the right time to return funds."

"Factoring in the cash requirements of the proposed buy-back, we remain confident that we are on track to reduce net debt to less than \$3 billion by June 2008 - one year earlier than we anticipated at the time we acquired Southcorp," Mr O'Hoy said.

Foster's intends to return a total of approximately \$400 million of surplus capital through capital management initiatives in fiscal 2007. As a result, the remaining balance of the \$200 million on-market share buy-back announced in August 2006 has been cancelled, effective immediately. As at 19 February, Foster's had purchased 204,000 shares under the on-market program at an average price of \$6.40.

Participation in the buy-back is optional with tender applications closing at 7:00 pm, Melbourne time on Thursday 5 April 2007.

Foster's remains committed to achieving metrics consistent with a BBB+ (Standard & Poors) and Baa1 (Moody's) credit rating by the 2008 financial year.

Foster's has appointed ABN AMRO (financial), Corrs Chambers Westgarth (legal) and Shaddick & Spence (tax) as advisers to the buy-back.

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### **Further information**

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## **CONDUCT OF THE OFF-MARKET SHARE BUY-BACK**

Under the proposed tender process, eligible shareholders may tender some or all of their shares at discounts of between 5% and 14% inclusive (at 1% intervals) to the market price<sup>i</sup> or as a final price tender. Shareholders who elect the final price tender will receive the buy-back price, which is the lowest price in the discount range that enables Foster's to buy back the intended number of shares. Only shares tendered at a discount greater than, or equal to, the final discount (or as a final price tender) will be purchased, subject to any scale-back requirements. All shareholders whose tenders are successful will receive the same buy-back price.

The buy-back is open to all eligible Foster's shareholders who are registered as at 2 March 2007 and participation is optional.<sup>ii</sup> No brokerage should be payable by shareholders who choose to participate in the buy-back.

For Australian tax purposes the buy-back price comprises a capital component and a fully franked deemed dividend component. The Australian Taxation Office has issued a draft ruling that shareholders who elect to participate in the buy-back will receive a capital component of \$1.81<sup>iii</sup> per share, with the remainder of the buy-back price deemed to be a fully franked dividend. Eligible shareholders are advised to obtain their own financial, taxation and other professional advice on the implications of participating in the buy-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.

While Foster's intends to buy back \$400 million of shares, it retains absolute discretion to vary the size of the buy back including by choosing not to buy back any shares.

Shareholders who wish to tender all, or a substantial portion of, their shares into the buy-back may wish to consider withdrawing from the Foster's dividend reinvestment plan to avoid the possibility of being left with a small parcel of shares after the buy-back. A notice of withdrawal must be received by 5 pm AEST on 7 March 2007.

Any shares issued under Foster's dividend reinvestment plan in respect of the interim dividend payable on 2 April 2007, will not be eligible to participate in the buy-back.

## **IMPORTANT NOTICE**

*The buy-back is not available to US Persons<sup>iv</sup>, 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 or Canada. 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.*

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## **FOSTER'S GROUP**

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Tel 61 3 9633 2000 Fax 61 3 9633 2002 Foster's Group Limited ABN 49 007 620 886 [www.fostersgroup.com](http://www.fostersgroup.com)

## BUY-BACK TIMETABLE

The timetable for the buy-back is outlined below. The full terms and conditions of the buy-back will be contained in the buy-back tender booklet, which will be posted to all shareholders along with a personalised tender form by 14 March 2007.

A copy of the booklet will also be available at [www.fostersgroup.com](http://www.fostersgroup.com) from 26 February 2007.

Event	Date
Last day that shares can be acquired to be eligible for franking entitlement	23 February 2007
Foster's 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	26 February 2007
Foster's shares quoted ex-entitlement to receive interim dividend	1 March 2007
Buy-Back Record Date: determination of eligible shareholders entitled to participate in the buy-back	2 March 2007
Interim Dividend Record Date: determination of eligible shareholders entitled to the interim dividend	7 March 2007
Mailing of buy-back booklet to shareholder completed	14 March 2007
Tender period opens	15 March 2007
Payment of interim dividend	2 April 2007
Tender period closes. Tenders must be received by the registry no later than 7.00pm AEST	5 April 2007
Announcement of the buy-back price and scale back (if any)	10 April 2007
Dispatch of cheques and direct crediting bank accounts for buy-back proceeds to participating shareholders completed	17 April 2007

Further information on the buy-back will be available on the Foster's website [www.fostersgroup.com](http://www.fostersgroup.com) when released. A Foster's Buy-Back enquiry line will be available from 26 February 2007 on 1300 738 809 within Australia or +61 3 9415 4370<sup>iv</sup> outside Australia.

<sup>i</sup> 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 5 April 2007

<sup>ii</sup> 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 Depository Receipts representing Foster's shares and Restricted Employee Shares may not be tendered into the Buy-Back.

<sup>iii</sup> For Australian capital gains tax purposes, the capital proceeds of the shares will amount to \$1.81 plus the excess of the Tax Value of each share over the Buy-back Price. The Tax Value is the hypothetical market value of each share at the time of the Buy-back, on the assumption that the Buy-back did not occur and had never been proposed to occur.

<sup>iv</sup> Shareholders calling from outside Australia should note that this is not a free call.

## FOSTER'S GROUP