20 July 2011

Dear Foster's Shareholder

Demerger of Treasury Wine Estates Limited
Cost base implications for Participating Australian Shareholders

As you are aware, with the support of our shareholders, Foster's Group Limited (**Foster's**) recently completed the demerger of Treasury Wine Estates Limited (**Treasury Wine Estates**).

A general outline of the Australian taxation implications of the demerger for "Participating Australian Shareholders" is set out in Section 9 of the Demerger Booklet dated 17 March 2011 and is available on Foster's website (www.fostersgroup.com). In this regard, the Australian Taxation Office (**ATO**) recently released a class ruling (available on the Foster's website) confirming the availability of demerger tax relief in respect of the demerger of Treasury Wine Estates for Participating Australian Shareholders.

Australian tax legislation requires that, for Australian capital gains tax purposes, whether or not Participating Australian Shareholders choose demerger tax relief, they must apportion the cost base of their Foster's shares between their Foster's and Treasury Wine Estates shares held after the demerger. In making the apportionment, regard must be had to the market values of those shares (or a reasonable approximation thereof) after the demerger.

This letter provides information to enable Participating Australian Shareholders to allocate the cost base of their Foster's shares between their Foster's and Treasury Wine Estates shares.

In the class ruling, the ATO confirmed that the apportionment may be based on the volume weighted average prices (**VWAP**) of the Foster's shares and the Treasury Wine Estates shares. The VWAP calculation should be ascertained by reference to the trading of the shares on the Australian Securities Exchange over the first five trading days after the Effective Date of the demerger i.e. Tuesday, 10 May 2011 to Monday, 16 May 2011 inclusive. Shareholders that apportion the cost base of their shares on this basis will adopt the methodology consistent with the approach recommended by the ATO.

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The VWAP and relative market values for Foster's and Treasury Wine Estates shares were as follows:

	VWAP $	Shares on issue	Market value $	Relative market value (%)
Foster's fully paid shares	4.47	1,940,894,542	8,675,798,603	79.96
Treasury Wine Estates	3.36	647,227,144	2,174,683,204	20.04
Total			10,850,481,807	100.00

The cost base of your Foster's shares would therefore be allocated 79.96% to your Foster's shares and 20.04% to your Treasury Wine Estates shares after demerger.

The following is an illustrative example of how to calculate your cost bases:

John held 3,000 Foster's shares that had an aggregate cost base of $15,000, just before the demerger. He received 1,000 Treasury Wine Estates shares under the demerger. The cost bases of the shares held by John would be calculated as follows:

<u>Foster's</u>

$15,000 x 79.96% = $11,994.00

$11,994.00 / 3,000 shares = $4.00 per share

<u>Treasury Wine Estates</u>

$15,000 x 20.04% = $3,006.00

$3,006.00 / 1,000 shares = $3.01 per share

Foster's has included a sample calculator on its website to assist Foster's shareholders to calculate the cost base of their Foster's shares and the cost base of their Treasury Wine Estates shares after the demerger.

The ATO has confirmed the above methodology in a fact sheet published on 29 June 2011. Foster's has provided a link to the ATO fact sheet in the demerger information section on its website.

Foster's Shareholders who have any further questions should call the Foster's Shareholder Information Line on 1300 048 608 or +61 3 9415 4812.

As indicated in the Demerger Booklet, it is recommended that all Foster's shareholders consult with their own independent taxation advisers regarding the taxation implications of participating in the demerger given the particular circumstances that apply to them.

Yours Faithfully

Dan Last
Company Secretary