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**MAGELLAN FINANCIAL GROUP LIMITED ('MFG')  
IN-SPECIE DISTRIBUTION**

MFG advises that the In-Specie Distribution of MFG's holdings of Magellan Flagship Fund Limited (**MFF**) shares and options to MFG shareholders was implemented today, 19 February 2013.

Each shareholder entitled to participate in the In-Specie Distribution receives (subject to rounding):

- 3.29 MFF shares; and
- 1.09 MFF options,

for every 10 MFG shares held on 13 February 2013 at 7:00pm (the **Record Date**).

Shareholders will receive an In-Specie Distribution Advice reflecting the MFF shares and options distributed to them under the In-Specie Distribution.

MFG has distributed 50,190,307 MFF shares and 16,628,859 MFF options to MFG shareholders. The capital reduction amount was approximately \$54.7 million (\$0.3589 per MFG share). This was determined using the average of the volume weighted average prices (**VWAP**) for MFF shares of \$1.0176 and MFF options of \$0.2210 for the five trading days immediately preceding the distribution date.

The In-Specie Distribution Advice also reflects the components of the In-specie Distribution for Australian tax purposes as:

- a return of capital \$0.2673 per share; and
- a fully franked dividend of \$0.0916 per share.

The exercise price of the MFG 2016 Options has been reduced by \$0.3589 per MFG option being the amount of the In-specie Distribution per MFG share:

<b>Expiry Date</b>	<b>Number of Options</b>	<b>Existing Exercise Price</b>	<b>Adjusted Exercise Price</b>
30 June 2016	7,882,783	\$3.00	\$2.6411

As a result of the In-Specie Distribution the number of shares into which the MFG Class B Shares will convert on the first business day after 21 November 2016 (**Conversion Date**) will be adjusted in accordance with clause 7.3 of the Terms of Issue of the MFG Class B Shares. The estimated increase in the number of MFG shares into which the MFG Class B Shares are to convert, assuming the current number of MFG shares on issue and that all MFG 2016 Options are exercised, is 594,080. The actual number of MFG shares into which the MFG Class B Shares will convert will be determined upon the Conversion Date.



**Legal Counsel & Company Secretary**  
**19 February 2013**