



**MAGELLAN**  
FINANCIAL GROUP

Magellan Financial Group Limited  
ABN 59 108 437 592

Magellan Financial Group Trust  
ARSN 111 911 892

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22 March, 2007

ASX Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**CHAIRMAN'S ADDRESS AT TODAY'S EXTRAORDINARY GENERAL MEETING**

Attached is a copy of the address to be delivered by MFG's Chairman, Hamish Douglass, at today's Extraordinary General Meeting of securityholders to be held at 330 pm.

David Simpson  
General Counsel & Company Secretary  
T: 02 81141888



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**ADDRESS OF HAMISH DOUGLASS, CHAIRMAN OF MAGELLAN FINANCIAL GROUP LIMITED, TO THE EXTRAORDINARY GENERAL MEETING OF SECURITYHOLDERS HELD ON THURSDAY 22 MARCH, 2007 AT 3 30 PM**

Good afternoon Ladies and Gentlemen

It is now 3.30 pm and I would like to welcome you all to the extraordinary general meeting of Magellan Financial Group Limited and a meeting of members of the Magellan Financial Group Trust.

These meetings were convened by a notice of meeting dated 14<sup>th</sup> February 2007 contained in the Explanatory Memorandum which was sent to security holders.

I plan to conduct the meetings of the Company and the Trust concurrently and will consider both resolutions of the shareholders of the Company and the unit holders of the Trust.

My name is Hamish Douglass and I am the Chairman of the Board of Magellan Financial Group Limited. On behalf of the other directors I welcome you and thank you for your attendance here today.

Before proceeding with the matters before us I would like to introduce to you, the members of the Board who are seated beside me.

- Chris Mackay – Deputy Chairman and Chief Investment Officer of Magellan,
- Brett Cairns – Non-executive director, and
- Our Company Secretary, David Simpson

I have received apologies from our other non-executive directors, Paul Lewis and Naomi Milgrom.

I would also like to welcome:

- Our lawyers for this transaction, David Holland and Catherine Merity from Baker & McKenzie,
- Alastair Davidson, Managing Director of Aurora Funds Management Limited, the responsible entity for the Magellan Financial Group Trust.

I would also like to thank our lawyers, Baker & McKenzie, for allowing us to use their premises today to hold these meetings.

### **Notice, Quorum and Proxies**

The notices of these Meetings of the Company and the Trust, dated the 14<sup>th</sup> February 2007, have been in securityholders hands for the required number of days and I propose to take them as read.

The Company secretary has also advised me that a quorum is present. I therefore have pleasure in declaring the Company's extraordinary general meeting and the meeting of members of the Trust open. The proxies received with respect to the meetings are held by the Company Secretary and are available for inspection.

### **Chairman's address**

Today's notices of meeting, which I shall turn to shortly, require us to address a number of resolutions in connection with the restructuring proposal for the Group.

The restructuring proposal involves simplification of the structure of Magellan Financial Group by de-stapling and winding up the Magellan Financial Group Trust. The stapled security structure is no longer relevant for Magellan Financial Group moving forward and the Directors are of the opinion that it is in the best interests of all securityholders to simplify the group structure by de-stapling and winding up the Trust.

The primary benefits of implementing this proposal are reduced ongoing costs and a more transparent and simple structure which will make the financial accounts easier for investors to understand and will facilitate undertaking certain activities such as issuing and buying back shares in the event that we decide to do so in the future.

The second proposal is to implement a Share Purchase Plan for employees and non-executive Directors not associated with the Cornerstone Investors.

The Directors believe that the Share Purchase Plan is in the best interests of all shareholders for the following reasons:

- It aligns the interests of the participating employees and non-executive Directors with those of the shareholders via ownership of shares in the Company; and
- It is a true share investment plan where participants are required to pay for the Shares over time and are fully exposed to movements in the Company's share price. This is unlike many option or performance share plans where participants are either not exposed to decreases in the share price or are not required to pay for the shares.

The primary economic cost to the Company is the provision of the interest-free loan. The Directors believe that the provision of the interest-free loan is in the interests of the Company to encourage, on a voluntary basis, long term investment in the Company by employees and participating non-executive Directors.

A number of investors may have initial reservations regarding providing an interest-free loan to non-executive Directors to acquire shares in the Company. I do not have these reservations.

It is in the interests of all shareholders for all non-executive Directors to have a material

investment in the Company to ensure their interests are aligned with all Shareholders. We are extremely fortunate to have attracted directors of the calibre of Brett Cairns and Paul Lewis who will be only paid extremely modest director's fees.

I also note that neither Naomi Milgrom nor Chris Mackay will be able to participate in the Share Purchase Plan and neither will I.

Ladies and Gentlemen, before I move to the formal part of the meeting, I am happy to answer any questions you may have.

I now move to the formal part of the meetings with a series of special and ordinary resolutions that need to be approved by shareholders of the Company or unitholders of the Trust in order to implement the restructuring proposal. Details of the proposal and the resolutions required to implement it are set out in the Explanatory Memorandum sent to security holders. Each Resolution to be considered at today's meetings is conditional on the passing of at least one other Resolution. This means that if a Resolution is defeated, this may have implications for other Resolutions.

### **Resolution 1– De-stapling (Company)**

The first of these resolutions is resolution 1 of the Company meeting which is a special resolution proposing the de-stapling of the securities. The de-stapling is necessary to implement the proposed restructure of the Group, details of which are set out in Section 2 of the Explanatory Memorandum.

I now move as a special resolution:

*“That, subject to and conditional upon the approval of Resolution 2 and Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, the stapling provisions of the Current Constitution of the Company cease to apply with effect from 22 March 2007.”*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as a special resolution and the de-stapling is hereby approved.

For the record I will now ask the Secretary to read out the proxy position.

### **Resolution 2 – De-stapling (Trust)**

The second of these resolutions is resolution 1 of the Trust meeting which is a special resolution proposing the de-stapling of the securities. The de-stapling is necessary to implement the proposed restructure of the Group, details of which are set out in Section 2 of the Explanatory Memorandum.

I now move as a special resolution:

*“That, subject to and conditional upon the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Limited the stapling provisions of the Trust Deed cease to apply with effect from 22 March 2007 and the Trust Deed be*

*amended accordingly pursuant to a supplemental deed in the form tabled at the meeting and initialed by the Chairman for the purposes of identification"*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion.

I will now put the resolution to a vote on a poll. The representatives from Registries Limited will collect the green voting cards from you once the resolution has been put to a poll.

I now call a poll on the first resolution.

I now declare the poll on the first resolution closed.

Ladies and gentlemen, our share registry will now count the votes combined with the proxy forms received before the commencement of this meeting. Once this has been completed I will announce the results of the poll.

### **Resolution 3– Adoption of new constitution (Company)**

The next resolution is resolution 2 of the Company Meeting which is a special resolution to adopt a new constitution to remove references to the stapled structure of securities.

I now move as a special resolution:

*That, subject to and conditional upon the approval of Resolution 1 and the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, the New Constitution tabled at the meeting and initialed by the Chairman for the purposes of identification be approved and adopted as the new constitution of the Company in substitution for the Current Constitution of the Company.*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as a special resolution and the new constitution is hereby approved.

For the record I will now ask the Secretary to read out the proxy position.

### **Resolution 4 – Approval of provision of financial assistance to non-executive directors. (Company)**

The next resolution is Resolution 3 of the Company meeting which is a special resolution to approve the provision of loans to participating non-executive directors under the Share Purchase Plan.

Voting restrictions apply to this resolution so that any votes cast in favour of the resolution by Brett Cairns, Paul Lewis and any of their associates will be excluded.

I now move as a special resolution:

*That, subject to and conditional upon the approval of Resolutions 1, 4 and 5 and the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, in accordance with Section 260B of the Corporations Act 2001, the provision of financial assistance by the Company to the non-executive directors of the Company who are not associated with any of the Cornerstone Investors under the proposed Share Purchase Plan as described in the Explanatory Memorandum, and the proposed actions of the directors of the Company in doing all things necessary to give effect to the giving of that financial assistance, are approved.*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as a special resolution and the provision of financial assistance to non-executive directors is hereby approved.

For the record I will now ask the Secretary to read out the proxy position.

**Resolution 5 – Approval of share purchase plan (Company)**

The next resolution is resolution 4 of the company meeting which is an ordinary resolution to approve the share purchase plan.

Voting restrictions apply to this resolution so that any votes cast in favour of the resolution by employees of the Company and its subsidiaries, Paul Lewis, Brett Cairns or any of their associates will be excluded.

I now move as an ordinary resolution:

*That, subject to and conditional upon the approval of Resolution 1 and the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, the Share Purchase Plan tabled at the meeting and initialled by the Chairman for the purposes of identification be approved for all purposes including for the purposes of exception 9 to Listing Rule 7.1.*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as an ordinary resolution and the share purchase plan is hereby approved.

For the record I will now ask the Secretary to read out the proxy position

**Resolution 6– Issue of securities in the Company to non-executive directors (Company)**

The next resolution is resolution 5 of the company meeting which is an ordinary resolution to approve the issue of securities in the Company to non-executive directors under a share purchase plan.

Voting restrictions apply to this resolution so that Brett Cairns, Paul Lewis and their associates are not entitled to vote on this resolution.

I now move as an ordinary resolution:

*That, subject to and conditional on the approval of Resolutions 1, 3, 4 and 6 and the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, for the purposes of ASX Listing Rule 10.14, the issue of shares in the Company to non-executive directors of the Company who are not associated with any of the Cornerstone Investors under the proposed Share Purchase Plan, on the terms set out in the Explanatory Memorandum be approved.*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as an ordinary resolution and the issue of securities in the Company to non-executive directors is hereby approved.

For the record I will now ask the Secretary to read out the proxy position.

#### **Resolution 7 – related party benefit approval (Company)**

The next resolution is resolution 6 of the company meeting which is an ordinary resolution to approve the provision of benefits to related parties (being the participating non-executive directors) under the share purchase plan.

Voting restrictions apply to this resolution so that Brett Cairns, Paul Lewis and their associates are not entitled to vote on this resolution.

I now move as an ordinary resolution:

*That subject to and conditional on the approval of Resolutions 1, 3, 4 and 5 and the approval of Resolution 1 set out in a Notice of Meeting of the same date of Magellan Financial Group Trust, for the purposes of Section 208 of the Corporations Act 2001 (Cth), the provision of financial benefits by the Company under the proposed Share Purchase Plan to the non-executive directors of the Company who are not associated with any of the Cornerstone Investors on the terms set out in the Explanatory Memorandum be approved.*

The motion is now open for Discussion.

Ladies and Gentlemen that concludes the discussion. I will now formally put the motion. All those in favour please raise your blue voting cards. All those against?

I declare the motion carried as an ordinary resolution and the provision of benefits to related parties (being the participating non-executive directors) under the share purchase plan is hereby approved.

For the record I will now ask the Secretary to read out the proxy position.

Ladies and Gentlemen that concludes the formal business of the Extraordinary General meeting of Magellan Financial Group Limited and a meeting of members of the Magellan Financial Group Trust.

Before I close the meeting I would however like to ask Shareholders if there is any other general business that would like to ask of the Directors or Management of the Company or the Trust.

There being no further questions, I would like to thank you all for attending these meetings today.

Before I formally declare the meeting closed, however, on the assumption that the resolution of the Trust meeting which was to a poll has been passed, I would like to take the opportunity to briefly comment on the timing of our Entitlements and Priority Offers, which formed part of our original proposal to recapitalise Magellan which was announced on 7 September 2006.

We expect that the capital raising process will commence with the lodgement of a Prospectus with ASIC on or around 5 April 2007. On or before lodgement of the Prospectus, we will announce, and expect that Magellan Flagship Fund and New Privateer Holdings will announce, the Record Date to determine entitlements under the Entitlements Offer and eligibility to participate in the relevant Priority Offers.

Please note that:

- a Prospectus for the Offers will be made available during April when the Offers are made; and
- anyone who wishes to subscribe for New Shares under the Offers will need to complete the application form that will accompany the Prospectus.

I now declare the meeting closed.