Magellan Financial Group Limited
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10 April 2007

Dear Shareholder,

ENTITLEMENTS OFFER AND PRIORITY OFFERS

On 5 April 2007, Magellan Financial Group Limited (**MFG**) lodged a prospectus with the Australian Securities and Investments Commission (**ASIC**) in relation to an Entitlements Offer to MFG shareholders and certain other Priority Offers, including a Priority Offer to MFG shareholders, to raise approximately $42.3 million (before issue costs).

This letter provides you with important information in relation to the Entitlements Offer.

Under the Entitlements Offer, eligible MFG shareholders will be able to subscribe for 1 fully paid MFG share (**New Share**) for every five existing MFG shares held on 17 April 2007 at 5.00pm (AEST) (**Record Date**) at $0.975 per New Share. New Shares issued under the Entitlements Offer will rank equally with MFG shares currently on issue. One Initial Option will also be issued for every two New Shares allotted to MFG Shareholders under the Entitlements Offer.

A timetable outlining the important dates in respect of the Entitlements Offer is set out below.

Event	Date
Existing Shares quoted ex-Rights on ASX and Rights trading commences on ASX	11 April 2007
Record Date to determine entitlements under the Entitlements Offer	5.00pm (AEST) on 17 April 2007
Entitlements Offer opens	23 April 2007
Rights trading on ASX ends	1 May 2007
Closing date for Entitlements Offer and date for renunciations, acceptances and payment in full	8 May 2007
Allotment of New Shares and dispatch of holding statements for New Shares	16 May 2007
Trading commences for New Shares and Initial Options on ASX	17 May 2007

The Entitlements Offer will be underwritten by New Privateer Holdings Limited. No fee is payable to New Privateer Holdings Limited for underwriting the Entitlements Offer.

A copy of the Prospectus is available for review on the ASX website (www.asx.com.au) as well as the website of MFG (www.magellangroup.com.au). The Prospectus together with your Entitlement and Acceptance Form will be mailed to you on 23 April 2007.

I encourage you to carefully read the Prospectus before deciding whether to acquire New Shares and to consult your financial adviser before making any investment decision.

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If you wish to apply for New Shares under the Entitlements Offer, you will need to lodge an Entitlement and Acceptance Form along with payment monies to MFG's registry by the close of the Entitlements Offer on Tuesday 8 May 2007 at 5.00pm (AEST).

Foreign Shareholders

The Entitlements Offer is only being made to MFG shareholders on the Record Date with registered addresses in Australia or New Zealand. In the case of MFG shareholders on the Record Date with registered addresses outside Australia or New Zealand (Ineligible Shareholders), MFG will appoint a nominee to sell the rights of Ineligible Shareholders on ASX.

Any such sale will be at a price and in a manner determined by the nominee in its sole discretion. The ability to sell rights, and the price obtained for those rights, will be dependent on market conditions. If there is no viable market for the rights, the rights of Ineligible Shareholders will be allowed to lapse.

The net proceeds of the sale of the rights (if any) of all Ineligible Shareholders will be distributed to Ineligible Shareholders in Australian dollars following completion of the Entitlements Offer, in proportion to their shareholding as at the Record Date.

Dealing with Rights

The Entitlements Offer is renounceble, which means that eligible MFG shareholders who do not wish to participate in the Entitlements Offer will have the opportunity to trade their rights entitlement, assuming a viable market in the rights. Instructions on how to sell or transfer your rights are contained in the Prospectus and are summarised below.

If you wish to sell your rights on ASX, you should contact your broker and, when available, complete and deliver to them the Entitlement and Acceptance Form which you will receive with the Prospectus.

If you wish to sell only some of your rights on ASX and take up the balance of your entitlement, you should contact your broker and, when available, complete and deliver to your broker the Entitlement and Acceptance Form indicating the portion of your rights you wish to sell and the number of shares you wish to take up. Payment for the shares which you wish to take up should also be included.

If you wish to dispose of your rights other than through the ASX, you will need to send a completed standard renunciation form (obtainable from your sharebroker or from MFG's Share Registry) together with the accompanying Entitlement and Acceptance Form completed by the transferee, and the transferee's cheque for the amount due in respect of the New Shares, to MFG's Share Registry in accordance with the instructions on the Form.

Yours faithfully

Hamish Douglass
Chairman