



Australian Government **Future Fund**

Media release

20 August 2009

Future Fund sells 34% of its Telstra holding

The Future Fund Board of Guardians (the Board) has sold 684.4 million Telstra shares at a price of \$3.47 (gross proceeds \$2.37 billion) through an underwritten sale to institutional investors.

The sell-down is in line with the Board's previously stated plan to reduce the portfolio's holding in Telstra in an orderly manner over the medium term and to build a portfolio consistent with its long term mandate and strategy.

The sale reduces the Future Fund portfolio's holding in Telstra from 16.4% of the company to 10.9%. The sale price represents a discount of 4.9% to the day's closing price and the volume sold represents approximately 13 days of average trading volume in the stock.

The Board took the view that current market conditions were conducive to a partial sell-down of the holding.

The proceeds of the sale will be integrated into the broader portfolio in line with the long term investment allocation currently being implemented.

The Board has committed not to sell any additional Telstra shares for 180 days, other than through any opportunity under the Dividend Reinvestment Plan framework agreed with Telstra.

The Telstra shares were transferred by the Government into the Future Fund in February 2007 following the sale of the Government's remaining holding in Telstra and were under escrow until 20 November 2008. The escrow conditions permitted disposal of shares as part of Telstra's Dividend Reinvestment Plan and some 126 million shares were disposed of during this period under an agreement between the Board and Telstra.

The next update on the performance and allocation of the Future Fund and three Nation-building Funds is due to be released towards the end of August as part of the Board's regular reporting arrangements.

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Notes:

The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

This announcement may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Future Fund, and its officers, employees, agents or associate, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on forward-looking statements.

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