futurefund

Media release

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Future Fund votes against resolutions at Telstra AGM

The Future Fund Board of Guardians has voted against the three resolutions put to shareholders at Telstra's annual general meeting today.

The resolutions related to the appointment of a new director, changes to the company's constitution and the approval of the remuneration report.

The decision to vote against the resolutions was based on the Board's voting policy and principles which are designed to protect and enhance shareholder value.

The Board of Guardians believes that Telstra would benefit from increasing the level of telecommunications experience among its non-executive directors, particularly given the very significant changes in the company's operations that will have a lasting impact on shareholder value.

Resolutions to reduce the maximum number of director positions to 11 while making a further appointment have the effect of filling the board and preventing the appointment of non-executive directors with appropriate telecommunications experience.

The Board of Guardians acknowledges that providing competitive remuneration is important to attracting and motivating executives.

However, there is inadequate detail around how the returns to be generated from the Project New reinvestment program will be measured. The Board of Guardians is also concerned at the use of a free cash flow measure as a hurdle for the Long Term Incentive Plan while the company is negotiating payments from NBN Co and the limited clarity on how this approach will align remuneration to the creation of shareholder value.

While the Board of Guardians has made clear its intention to rebalance its portfolio and reduce its holding in Telstra in an orderly manner over the medium term, the Fund remains the largest shareholder in Telstra and the Board of Guardians will continue to engage constructively with the company and to exercise its ownership rights to enhance shareholder value.

ENDS

Will Hetherton

Future Fund

03 8656 6400

0439 016 678