

**Magellan Flagship Fund Limited ("MFF")
Net Tangible Assets ("NTA") per share for September 2010**

MFF advises that its monthly NTA per share as at 30 September 2010 was \$0.728 excluding net deferred tax assets of \$0.097. These figures are unaudited.

September was a strong month for global equity markets and the portfolio's market values appreciated. The NTA was little changed as the AUD also appreciated strongly in the month. Once again there were very few changes to the portfolio in September.

Our concerns about Sovereign Risk continue to increase. Developed country economic conditions remain subdued, even for our companies, which continue to gain market share and increase their competitive advantages.

More than 90% of MFF's total investment assets by market value continue to be in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with a majority of the balance being predominantly North American focused. The revenue and earnings split for the multinationals average about 40% USA, 30% Europe and 30% ROW. The emerging markets proportion of underlying revenue and earnings continues to rise.

As at 30 September 2010, MFF had net borrowings of approximately 20% of total investment assets. The borrowings are denominated in AUD.

Key currency rates for AUD as at 30 September 2010 were 0.9683 (USD), 0.7092 (EUR), 0.6145 (GBP) and 0.9459 (CHF) compared with 31 August 2010 rates which were 0.8900 (USD), 0.7003 (EUR), 0.5791 (GBP) and 0.9025 (CHF).

Yours faithfully,



Leo Quintana
Legal Counsel & Company Secretary
1 October 2010

¹ Deferred tax assets less deferred tax liabilities. All figures are unaudited