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Court orders Telstra to pay \$5 million to settle class action

The Federal Court has today approved a \$5 million settlement of the long running shareholder class action against Telstra for failing to reveal sensitive information about its financial state in August 2005.

Slater & Gordon executive director Ken Fowlie said the case had been a hard fought battle against one of Australia's biggest companies.

"What is important about this settlement is that this is the first time in Australia's corporate history that a public company has compensated shareholders for failing to meet continuous disclosure obligations as set down by the Corporations Act and the ASX listing rules.

"This settlement puts big businesses like Telstra on notice that they can't keep shareholders in the dark by failing to disclose important information about their true financial state.

"Shareholders, who would have received nothing without being part of this class action, will now be paid \$3.7 million by Telstra.

"The fact that Telstra, which has a reputation for fighting legal cases to the death, has settled is an important win for shareholders" Mr Fowlie said.

Justice Peter Jacobsen officially approved the settlement in the Federal Court today. Only six shareholders of an estimated 29,000 possible class members lodged objections to the settlement.

The class action concerned a briefing given to the Commonwealth Government on 11 August 2005 by Telstra executives which was not disclosed to the Australian Securities Exchange (ASX) until 7 September 2005.

Investors who purchased Telstra shares on-market between August 12 and September 2 2005, and who did not sell those shares before September 6 2005 will be entitled to claim compensation in respect of those shares.

The compensation will range up to 5 cents per share, depending on the number of shareholders who make a claim.

The settlement scheme is being administered by Slater & Gordon. Eligible shareholders wishing to make a claim need to visit the Slater & Gordon web site at www.slatergordon.com.au/pages/telstrasettlement.aspx and complete a Proof of Claim by February 22, 2008.

Participation in the settlement scheme is free of charge.

Payments are expected to be finalised by July 2008.

For more information

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