

Challenger Shareholders Approve Share Issue

Challenger International

19/12/2002

Shareholders of financial services group Challenger International today approved an issue of convertible notes to raise additional funds of \$75 million.

Speaking at an Extraordinary General Meeting held this morning in Sydney, Challenger Chairman Mr Gil Hoskins said the funds would be used to fund long-term growth of Challenger's key annuity business.

The issue is fully underwritten by Bell Potter and substantially sub-underwritten by the group's major shareholders.

The issue is an excluded offer of 37.5 million 5-year securities having a coupon rate of 9.5 per cent and convertible to ordinary shares at a price of \$2.00 per share.

Mr Hoskins said the capital raising was part of the group's increased focus on risk management, and a desire to improve the capital quality of the organisation.

"This cash injection provides the group with a greater ability to meet any potential market shocks," Mr Hoskins said.

Challenger experienced a strong first quarter for 2003 with net funds management inflows of nearly \$1 billion. Challenger Life also reported a healthy start to the year with \$466 million in annuity sales for the financial year to 22 November 2002, including \$201.3 million in long term annuities.

The capital raising will give Challenger cash resources of more than \$110 million.

Challenger International is a diversified investment and financial services company listed on the Australian Stock Exchange [ASX: CLI]. Challenger has over \$11.2 billion in assets under management and administration, and offices in Australia, New Zealand and the UK.

For further information go to www.challengergroup.com

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