

MARKET RELEASE

6 April 2004

CHALLENGER TO ACQUIRE ASSOCIATED PLANNERS GROUP LIMITED

6 April 2004, Sydney - Diversified financial services company Challenger Financial Services Group Limited (CGF), today announced it had entered into a Merger Implementation Agreement with Associated Planners Group Limited (Associated Planners) which relates to the acquisition by Challenger of all the shares in Associated Planners by way of interdependent schemes of arrangement under the Corporations Act. The meetings to vote on the schemes of arrangement are expected to be held in late June or early July.

Challenger's CEO, Mr Chris Cuffe, said in the event the schemes of arrangement are approved by Associated Planners shareholders and confirmed by the Court, it would be Challenger's intention to merge its existing financial planning arm, Garrisons Financial Planning, with Associated Planners.

"This is a very important development for Challenger. Associated Planners is regarded as one of the leading financial planning firms in Australia. A combined financial planning business, including Associated Planners and Garrisons, will create one of the strongest dealer groups in this country and one of the largest with approximately 450 planners nationally and funds under advice of more than \$7.5 billion."

"Financial planning at a dealership level is a scale business. Challenger could continue to grow its existing business organically but we believe that the combination of Associated Planners and Garrisons would enable us to significantly leap-frog what could otherwise be achieved. It allows us to quickly realise our aspirations for a robust and profitable dealership. We want the dealership's financial planners to have available to them extensive best-of-breed resources to enable them to concentrate on providing quality advice and service their clients," Mr Cuffe said.

The Directors of Associated Planners have unanimously agreed to recommend to shareholders that they approve the proposed schemes of arrangement.

The Chairman of Associated Planners, Mr Richard Thomas said that the Board had discussed the proposal with a number of the major shareholders of Associated



Planners, including Zurich, and they have advised the Board that in the absence of a superior offer they support the schemes of arrangement.

Under the Scheme of Arrangement, each ordinary and Z Class Associated Planners shareholders will receive approximately 5.7 Challenger shares for each Associated Planners share they hold. This equates to a purchase price for all the issued shares in Associated Planners of approximately \$100 million.

The Challenger shares that are to be issued to Zurich (which holds all Z Class shares approximating 30 per cent of Associated Planners) will be fully vested on issue.

Challenger shares will be issued to the holders of Associated Planners ordinary shares. However, 50 per cent of these shares will be subject to escrow conditions, which will be released in tranches over a three-year period, subject to certain conditions.

The proposed merger is subject to a number of conditions, including;

- Approval of the schemes by the relevant security holders
- Obtaining of Court orders approving the schemes
- Challenger shares, which are to be issued pursuant to the schemes, being accepted for quotation on ASX
- The Merger Implementation Agreement between Challenger and Associated Planners not being terminated prior to Court approval.
- The warranties remaining true and correct at the date of the scheme meetings and Court approval date.

Associated Planners Managing Director, Mr Ray Miles, will be appointed Managing Director of the combined financial planning group, while Associated Planners deputy Managing Director, Mr Andrew Creaser, and Garrisons Acting Managing Director, Mr Jim Mckay, will assume joint deputy Managing Director roles.

“The Challenger group will accelerate the continued growth of Associated Planners. Challenger clearly recognises the skills, focus and professionalism of Associated Planners member firms, but most importantly Challenger understands and is committed to the high value we place on autonomy in the financial planning process and in delivering outstanding quality advice and service,” Mr Miles said.

“Over the years, Associated Planners has been approached with a variety of considerations. Our discussions with Challenger have been positive from the outset. We have very similar views about the direction of the financial planning industry.



Equally, we felt very strongly that any consideration would only work with a progressive, non-traditional institution. Challenger fits that bill.”

Challenger’s General Manager, Funds Management & Distribution, Mr Rob Adams, confirmed Challenger’s commitment to upholding Associated Planners values and said Challenger and Associated Planners had finalised a “Charter of Independence” that would be upheld at all times.

“Challenger recognises the need for the financial planning process to be free from commercial influences that may result in suboptimal outcomes for clients. This means that within the combined Associated Planners and Garrisons dealership Challenger’s in-house products will be judged on merit against other competitor products before being considered for inclusion in client’s portfolios. With that in mind, we will obviously focus on developing and offering products that deliver value in a better way for planners and investors, ” Mr Adams said.

Both Challenger and Associated Planners have agreed to give break fees in certain circumstances if the merger does not take effect. [Attachment 1 to this Announcement sets out the terms of the break fee arrangements.]

Independent schemes will also be proposed for the Associated Planners options and Class A Redeemable Preference Shares.

It is expected that documents will be sent to Associated Planners shareholders towards the end of May and that, subject to satisfaction of all conditions, the scheme would be effective in early to mid July.

ENDS

About Associated Planners: Associated Planners Group Limited was established in 1989 by a team of progressive financial planners to cater to the needs of quality financial planner member firms. The shareholders in Associated Planners comprise Zurich (which holds all Z Class shares representing approximately 30% of issued capital), member firms (holding ordinary shares representing 62.5% of issued capital) and employees (holding ordinary shares representing 7.5% of issued capital).