

## MARKET RELEASE

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23 June 2004

### **CHALLENGER DETAILS NEW CEO CONTRACT**

23 June 2004, Sydney – Further to today’s announcement regarding the appointment of Michael Tilley as Chief Executive Officer of Challenger Financial Services Group (CGF) from 2 August 2004, please find below details of Mr Tilley’s contract.

Under the terms, Mr Tilley:

- will be paid a base salary package of \$675,000 per annum which will be reviewed annually.
- will be entitled to a short-term incentive of up to 150% of the base salary package, subject to achieving qualitative and quantitative hurdles set by the Board.
- will be provided a \$500,000 interest free loan for the purpose of investing in Challenger investment products, other than Challenger shares.
- will be paid a retention bonus of \$250,000 after 3 years of employment as CEO and a further retention bonus of \$250,000 at the end of year 5.
- will not be entitled to participate in the Challenger long-term incentive plan. However, subject to Challenger shareholder approval, Mr Tilley will be allocated a maximum of 20,000,000 restricted Challenger shares, funded via limited recourse loan. The first 5,000,000 of these shares will be issued at 53 cents, at the time that shareholder approval is granted. The remaining 15,000,000 shares will be issued over the first two years of Mr Tilley’s employment as CEO. These shares will be issued substantially on the long-term incentive plan terms, Company funded limited recourse loan and escrow conditions.

In addition the termination arrangements are:

- Mr Tilley may terminate the service agreement by giving 12 months notice to Challenger, in which event he will receive accrued statutory and contractual entitlements but he will



not be entitled to any termination payment, short term incentive payments, unvested shares or future retention payments.

- Challenger may terminate Mr Tilley's service agreement, in which event (other than in the case of termination for cause, poor performance or incapacity), Mr Tilley will be entitled to a payment of \$2 million, if termination is within the first 3 years; a \$1.75 million payment if termination is during years 3-5 or a \$1.5 million payment if termination is after year 5, in all cases, in addition to accrued entitlements.
- Where termination is for cause or poor performance, Mr Tilley will only be entitled to accrued entitlements, but he will not be entitled to a termination payment, except where termination is due to incapacity in which case he will be entitled to a termination payment of \$750,000.

Mr Tilley will remain as a director of Orica Limited.

Various aspects of Mr Tilley's service agreement, including grant of Challenger shares and the termination payment arrangements, will require Challenger shareholder approval, so as to satisfy the requirements of the Corporations Act and the ASX Listing Rules. These approvals will be sought at Challenger's 2004 Annual General Meeting in November.

*ENDS*