

MARKET RELEASE

15 November 2004

CHALLENGER EXTENDS STRATEGIC POSITION IN UK GAS ASSETS

15 November 2004, Sydney - Challenger Financial Services Group Limited (CGF) today announced it has agreed to acquire a 5.8 per cent shareholding in Gas Network Limited (GNL), from Hong Kong based Cheung Kong Infrastructure Holdings Limited (CKI) for AUD85 million. GNL has won the right to acquire the North of England Gas Distribution Network (NEG) from National Grid Transco plc.

Challenger has also increased its investment in the Wales & West Gas Distribution Network by AUD35 million taking its combined holding in UK gas distribution assets to AUD170 million.

These assets are held by Challenger Life and the investments are consistent with Challenger Life's strategy of diversifying its portfolio of investments as previously announced.

Challenger regards the UK Gas Distribution market as a mature regulated environment, which has the capacity to offer long-term stable cashflows and capital growth.

GNL services approximately 6.7 million people in the North of England between South Yorkshire and the Scottish Border. GNL won the right to acquire NEG for GBP1.39 billion in August 2004 and Challenger is paying CKI a premium of AUD6.7 million for its stake, which reflects CKI's costs and risk in the original purchase of the NEG assets.

The Wales & the West Gas Distribution Network services 7.4 million people in Wales and the South West of England.

ENDS