

MARKET RELEASE

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CHALLENGER ANNOUNCES REORGANISATION TO ACCOMMODATE GROWTH

6 February 2006, Sydney – Challenger Financial Services Group Limited (CGF) today announced a number of immediate and prospective changes to the senior executive team as the business prepares for its next phase of development.

Mike Tilley, Managing Director and Chief Executive Officer, said that the changes were required as a consequence of the significant growth the Group had experienced. “In a relatively short timeframe we have acquired a rapidly growing mortgage business, reconfigured our Life Company, developed an asset origination capability to enter the international infrastructure sector and essentially started up a Wealth Management business – all in an environment which is increasingly regulated and demanding.

“As a consequence of this growth, responsibilities across the Executive team have needed to broaden and it is now timely to introduce a number of changes that will enable Challenger to continue to innovate, while still remaining disciplined in managing our growth. This will be the key in ensuring we are well positioned for the next phase of our development,” Mr Tilley said.

A key component of the change is the appointment of Dominic Stevens, currently Executive General Manager, Capital, Risk and Strategy, to a new role of Deputy Managing Director. The creation of this role seeks to ensure Mike Tilley can focus on a number of key strategic and distribution opportunities within the three businesses.

“Corporate governance responsibilities for a CEO within the financial services sector can be extremely time consuming,” said Mr Tilley. “Dominic will be assisting me with my statutory obligations by joining all of the subsidiary Boards, enabling me to focus on growth opportunities for the Group. This new role will provide me with significant support, and Dominic’s strong existing knowledge of our business and experience in our sector will result in these benefits being able to be realised immediately.”

Current Chief Financial Officer for Challenger’s Life business, Paul Rogan, will become Group Chief Financial Officer effective mid March, following the departure of current Group Chief Financial Officer, Tim Foster. Mr Foster is leaving Challenger to join HBOS Australia as Chief Financial Officer.



Mr Tilley said Mr Foster's new role at HBOS was a natural next step in the development of his career, given his desire for a role that encompasses both group and operational business finance responsibilities. "Tim has played a pivotal role at Challenger while the foundations for our growth have been established. We will miss his energy and commitment but are extremely fortunate to have such a strong successor already available within our business."

Mr Rogan joined Challenger in November 2005 with nearly 20 years experience in financial services, including Chief Executive and Chief Financial roles with National Australia Bank Group and Lend Lease Corporation, both in Australia and overseas. The process to fill Mr Rogan's current role within Challenger's Life business has now commenced.

The Group Chief Financial Officer role will also be expanded with Mr Rogan's appointment, to include responsibility for Treasury, Credit, Capital and Investment Portfolio Services functions. This is part of an initiative to improve the coordination of all the finance related functions across the group.

In line with the increased focus on developing distribution opportunities across Challenger, reputation and brand management for each of the businesses is becoming increasingly important. A new function will be formed to focus on this area, with the appointment of Lynn Anderson to the role of Executive General Manager, Group Marketing and Communications. Ms Anderson joined Challenger in May 2003 and currently heads the product and marketing area for the Wealth Management business.

Effective 30 June 2006, Chris Cuffe, Chief Executive, Challenger Wealth Management, will step down from his current role. Mr Cuffe will continue his employment with Challenger on a part-time basis, providing strategic input to the development of both Challenger's funds management business and financial planning business, Genesys Wealth Advisers. This change will enable Mr Cuffe to pursue an interest outside of financial services. In July Mr Cuffe will join Opportunity International Australia to lead the development of its global microfinance investment strategy and manage microfinance investments in select Asian and African countries. In addition, Mr Cuffe will also assist Opportunity International with raising investment capital and managing their strategic partnerships.

Challenger has a strong association with Opportunity International through its role as a donor. Opportunity International is a global leader in the provision of Microfinance and Micro Enterprise Development as a means of providing lasting solutions to poverty. Opportunity International provides poor entrepreneurs in developing countries with access to capital, other financial services and other enterprise development services to start and expand small businesses. In 2005, Opportunity International provided over 1.5 million loans to micro-entrepreneurs. Micro-finance and Micro Enterprise Development enables people to generate



income in order to care for their families, gaining the dignity that comes from being self-supporting.

Mr Cuffe said he was delighted to be in a position where he could join an organisation that empowers so many lives like Opportunity International, while also maintaining his association with Challenger's Wealth Management business.

"I will be in a very fortunate position from July, when I can enjoy the best of both worlds and have a relationship with two very different organisations, both of which I feel passionate about," Mr Cuffe said.

Rob Adams, current Deputy-Chief Executive, Challenger Wealth Management and General Manager, Investments for Challenger's funds management business, will become Chief Executive Wealth Management effective July 1, 2006.

"The contribution to our results being made by Wealth Management is ahead of our plans and Chris has played a vital role in overseeing this turnaround, from what was essentially a start-up business less than three years ago. Chris has played an integral role at Challenger for the past three years and being able to retain exclusive access to his knowledge of the financial services industry on an ongoing part-time basis, is a positive outcome for the business and ultimately for shareholders. I am also fully supportive of Chris in his desire to work more closely with an organisation like Opportunity International, that makes such a difference," Mr Tilley said.

"We anticipate the transition of responsibilities from Chris to Rob scheduled for mid-year will go very smoothly, particularly given they have worked closely together for over thirteen years. Rob also has significant experience in managing wealth management businesses in his own right. As well as being Chris' deputy for the past eighteen months, prior to Chris stepping aside as Group Chief Executive Officer in August 2004 to concentrate his efforts on wealth management, Rob was head of Challenger's Wealth Management business. Prior to joining Challenger in 2003, Rob was Chief Executive of Colonial First State's international investment management business in the UK. With Rob's background and experience, we anticipate the Challenger Wealth Management business will only continue to strengthen under his leadership."

Mr Tilley concluded, "This reorganisation highlights the depth of talent that exists in Challenger. We are very well-placed to continue to build on the growth achieved to date."

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