

ASX Release

Challenger and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Securities Co., Ltd. are co-operating to create a long term strategic relationship

27 August 2007, Sydney – The Directors of Challenger Financial Services Group Limited (ASX:CGF) today announced that the company proposes to enter into a long term strategic relationship with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) and Mitsubishi UFJ Securities Co., Ltd. (“MUS”) to pursue opportunities in Australia, Japan and the Asian region.

Challenger, BTMU and MUS plan to pursue opportunities for mutual co-operation in the Asian region, in particular in real estate, structured credit, mortgage origination and securitisation, other investment banking products and the distribution of funds management retirement and other investment products.

BTMU and MUS have extensive operations throughout Asia, with strong retail, corporate and government customer relationships. Challenger, BTMU and MUS have identified significant new business opportunities in Australia and Japan and the broader Asian region. In particular the market for real estate investment products in Asia is relatively new. Challenger’s expertise in designing and developing successful investment and retirement income products complements BTMU and MUS’s strong distribution capabilities.

As part of this relationship, BTMU and MUS intend to subscribe for 40 million new Challenger shares at \$5.20 per share. The new issue will be subject to BTMU and MUS’s Board approval and Challenger shareholder approval pursuant to ASX Listing Rule 7.1. Following the completion of the issue Challenger intends to extend an invitation to BTMU to nominate a senior executive of BTMU to join the board of Challenger.

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About The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") was created by the January 2006 merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited. As the core commercial bank of the Mitsubishi UFJ Financial Group ("MUFG"), BTMU is pursuing customer focused service and quality enhancement and is committed to providing high value added services.

For more information on The Bank of Tokyo-Mitsubishi UFJ, Ltd. please visit:

<http://www.bk.mufg.jp/english/>

About Mitsubishi UFJ Securities Co., Ltd.

Mitsubishi UFJ Securities Co., Ltd. ("MUS") is the core securities company of Mitsubishi UFJ Financial Group ("MUFG") and offers a broad range of domestic and foreign securities and investment banking products and services, including brokerage, trading, underwriting, merger and acquisitions, securitisation and advisory services to corporate customer in Japan and around the world.

For more information on Mitsubishi UFJ Securities Co., Ltd. please visit:

<http://www.sc.mufg.jp/english/>