

## MARKET RELEASE

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### **Challenger confirms sale of Financial Planning for \$150m cash and announces on-market share buy-back**

7 July 2008 - Challenger Financial Services Group Limited (ASX:CGF) today confirmed the completion of the sale of its Financial Planning business on 30 June 2008 for \$150m cash and announces its intention to buy-back up to 10% of issued capital through an on-market share buy-back programme.

The Company has a low net debt position, a strong capital surplus in its prudentially regulated Life Company and strong operating cash flows. This has created the opportunity to commence an on-market share buy-back programme from 21 July 2008.

Challenger proposes to buy-back up to 10% of its share capital. The total number of shares purchased by Challenger will depend on market conditions and will be evaluated against alternative investment opportunities throughout the buy-back period.

An Appendix 3C (announcement of buy-back) in respect of the on-market share buyback, has been lodged with the ASX today.

The company has previously provided guidance on its 2H08 dividend which is expected to be 7.5 cents per share re-affirming the Board's confidence in underlying profit.

Challenger has appointed Deutsche Bank to work with the company during its capital management programme.

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