

MARKET RELEASE

CHALLENGER ANNOUNCES APPOINTMENT OF TWO ADDITIONAL DIRECTORS

28 August 2006, Sydney - The Directors of Challenger Financial Services Group today announced the appointment of two independent non executive directors to the Board.

The appointment of new directors is part of an ongoing process of board renewal and recognises that after several years of extensive restructuring and rebuilding at the company, the expansion of the board is in line with growth prospects and opportunities for future development.

The new independent directors are Ms. Sarina Russo and Mr. Leon Zwier.

Sarina Russo is the majority controlling shareholder, Founder and Managing Director of the Sarina Russo Group of companies, with over 800 employees. Ms Russo is one of Queensland's leading entrepreneurs with one of Australia's first jointly operated Universities: James Cook University Brisbane. She is Chair of Trustees of the Jupiter's Casino Community Benefit Fund; a Member of the Board of Queensland Tourism; the Lord Mayor's Community Trust and the former Council for Multicultural Australia and a member of the Women's Leadership Board of the John F Kennedy School of Government.

Mr Zwier is a partner in leading law firm Arnold Bloch Leibler; he has acted in advising on many significant matters in Australian corporate life in recent years. He is recognised internationally for his achievements in achieving commercial resolutions to complex commercial problems and legal disputes.



The Chairman of Challenger Mr Peter Polson said “we have a commitment to invest in our people and the addition of someone with Sarina’s experience and knowledge of training and development to our board will prove invaluable in achieving that aim. Ms Russo is recognised as a leading Australian entrepreneur and these are skills which fit well with our desired culture. Leon’s track record in dealing with and solving complex matters is well known throughout the business community, we are confident he will become a major contributor to many of the large and complex transactions we are involved in, particularly in our Asset Management business.”

Mr Polson said “The layers of governance and regulation we face on a daily basis create a web of complication and a volume of Board workload which only a few years ago would have been unimaginable; Sarina and Leon will greatly assist the Board in its fulfilment of its obligations to shareholders.”

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