

CHALLENGER RESPONDS TO MEDIA REPORT IN THE AUSTRALIAN

7 October 2015, Sydney – Challenger Limited (Challenger) responds to a report in The Australian's DataRoom column today, which speculates Challenger may raise equity to offset "potential deterioration in mark to market valuations in its Life insurance book".

Challenger's mark to market losses for the first quarter of FY16 are immaterial and are expected to be approximately \$15-\$25 million (post tax)*. Challenger maintains a very strong capital position, currently having approximately \$1 billion of capital and Group cash in excess of regulatory requirements and within its target capital range of 1.4-1.6 times the Prescribed Capital Amount minimum. On this basis, Challenger has no intention to raise equity.

*Unaudited as at 30 September 2015.

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