

MARKET RELEASE

EXTRAORDINARY GENERAL MEETING – ADDENDUM TO EXPLANATORY NOTES

20 February 2012 – Challenger Limited (CGF.AX) today released an addendum to the explanatory notes contained within the EGM Notice of Meeting released to market on 20 December 2011 (as attached).

The EGM is scheduled to be held on 28 February 2012 at 3.30pm to approve the remuneration and retirement arrangements for newly appointed Chief Executive Officer Brian Benari.

Ends

Dear Shareholder,

Extraordinary General Meeting – Addendum to Explanatory Notes

On 20 December 2011, Challenger issued a Notice of Meeting for an extraordinary general meeting to be held at 3.30pm on Tuesday 28 February 2012 to approve the remuneration arrangements of recently appointed CEO, Mr Brian Benari, insofar as they may provide retirement benefits.

A copy of the Notice of Meeting is available at <http://www.challenger.com.au/share/AGM.asp>.

Since releasing the Notice of Meeting, we have received feedback from various proxy advisory firms and shareholder representative groups. The majority of these groups have recommended that Shareholders vote in favour of the resolution. Two of these groups, while comfortable with Mr Benari's broader remuneration and retirement benefits, have raised a concern with one item which does not align with their policies.

This item is the accelerated vesting of Mr Benari's Hurdled Performance Rights in the event that he terminates his employment because of a 'Material Change'. Material Change is defined in terms of substantial diminution in Mr Benari's duties, status, responsibilities or authority without his consent.

In response to the feedback it has received, the Board has come to an agreement with Mr Benari that he will forgo his right to automatic accelerated vesting of Hurdled Performance Rights in the event of termination for Material Change. Under the amended arrangements, if Mr Benari terminates for a Material Change, the Board has discretion to determine that all or part of his unvested Hurdled Performance Rights will vest.

In exercising its discretion, the Board would have regard to what is fair and reasonable in the circumstances, including performance relative to hurdles or any other relevant targets, and the circumstances of the Material Change. Any vesting of Hurdled Performance Rights arising from the Board exercising its discretion will not occur until 3 months after the termination of employment. Hurdled Performance Rights not vested by the Board will continue on foot, and will remain subject to the existing performance hurdles and time based conditions.

The Board appreciates the engagement with shareholder representative and proxy advisory groups and thanks Mr Benari for accommodating the removal of automatic accelerated vesting upon termination for Material Change.

The Board reaffirms its recommendation to VOTE IN FAVOUR of the resolution to approve Mr Benari's remuneration and retirement benefits.

There have been no other changes to Mr Benari's remuneration and retirement benefits as set out in the Notice of Meeting. This letter is supplementary to, and should be read together with, the Notice of Meeting.

The meeting will take place at the time and place stated in the Notice of Meeting. To be effective for the meeting, proxy forms must be received by Challenger by no later than 3:30 pm (Sydney time) on Sunday, 26 February 2012. If you have already lodged a proxy form and, in light of the further information given above, you wish to change your directions to your proxy holder, simply lodge a new proxy form in the manner directed by the Notice of Meeting. Challenger will treat the proxy form lodged later as a replacement for the earlier proxy form.

To lodge or change your proxy online go to www.investorvote.com.au and enter control number 185346.

You will need your holder identification number (HIN) or your Security holder Reference Number (SRN) to access the system as well as your post code or country of residence. You will find your HIN or SRN on your holding statement or dividend notice.

Yours sincerely,



Peter Polson
Chairman
Challenger Limited