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Our reference
SJD EHO 02-1421-4783

30 October 2007

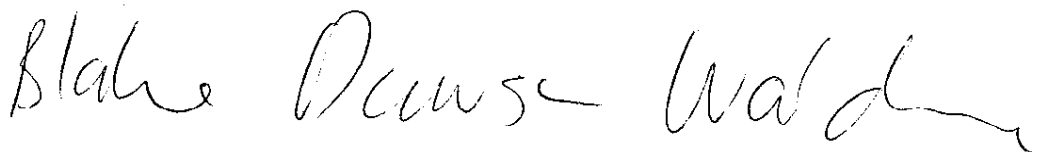
BY FACSIMILE: 1900 999 279

Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

**The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Securities Co., Ltd. –
Notice of initial substantial holder**

We act for The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Securities Co., Ltd. (**Mitsubishi**). We **enclose** a copy of the notice of initial substantial holder in relation to Challenger Financial Services Group Limited (**ASX:CGF**).

Yours faithfully



BLAKE DAWSON WALDRON

SYDNEY
MELBOURNE
BRISBANE
PERTH
CANBERRA
PORT MORESBY
SHANGHAI

Associated Office
JAKARTA

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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme CHALLENGER FINANCIAL SERVICES GROUP LIMITED

ACN/ARSN ACN 106 842 371

1. Details of substantial holder (1)

Name THE BANK OF TOKYO-MITSUBISHI UFJ, LTD (BTMU)

ACN/ARSN (if applicable) N / A

The holder became a substantial holder on 26/10/2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	40,869,739	40,869,739	6.43%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
BTMU	Relevant interest under section 608(1) as subscriber of shares.	24,000,000
Mitsubishi UFJ Securities Co., Ltd (MUS)	Relevant interest under section 608(1) as subscriber of shares.	16,000,000
Mitsubishi UFJ Trust and Banking Corporation (MUTB)	Relevant interest under section 608(1) as portfolio manager.	869,739
Mitsubishi UFJ Financial Group, Inc (MUFG)	Relevant interest under section 608(3)(a) by having voting power greater than 20% in BTMU, MUS and MUTB.	40,869,739

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
MUS and MUFG	HSBC Custody Nominees (Australia) Limited	MUS	16,000,000
BTMU and MUFG	Mitsubishi UFJ Global Custody SA	BTMU	24,000,000
MUTB and MUFG	Mitsubishi UFJ Global Custody SA	MUTB	841,781
MUTB and MUFG	The Bank of New York, Brussels	MUTB	27,958

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
BTMU, MUS and MUFG	26/10/07	\$5.20	40,000,000
MUTB and MUFG	12/10/07	\$6.10	3,393
MUTB and MUFG	19/07/07	\$5.65	3,500

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6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
BTMU, MUS and MUTB	Each body corporate is controlled by MUFG

7. Addresses

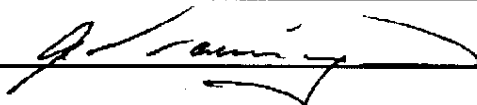
The addresses of persons named in this form are as follows:

Name	Address
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8388, Japan
Mitsubishi UFJ Securities Co., Ltd	4-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-6317, Japan
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan
Mitsubishi UFJ Financial Group, Inc	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8330, Japan
Mitsubishi UFJ Global Custody S.A.	287-289 Route d'Arion L – 1150 Luxembourg
HSBC Custody Nominees (Australia) Limited	Level 13, 580 George Street, Sydney NSW 2000, Australia
The Bank of New York, Brussels	Avenue Des Arts 35 Kunstlaan, 1040 Brussels, Belgium

Signature

print name Akira Kamiya, Executive Officer & General Manager, Global Planning Division capacity

sign here



date 29/10/2007

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

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