

MARKET RELEASE

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CUFFE MOVES INTO WEALTH MANAGEMENT ROLE – TILLEY TO BECOME GROUP CEO

23 June 2004, Sydney – Diversified financial services company Challenger Financial Services Group Limited (CGF) today announced Chris Cuffe has decided to step aside as Chief Executive Officer of the Group to concentrate on further developing Challenger's wealth management business.

Current Challenger Director, Michael Tilley, will become Chief Executive Officer overseeing all of the operations of the Challenger group from 2 August 2004.

"Today's announcement is a personal decision on my part. My passion, motivation and drive have always been to develop a wealth management business aimed at serving investors and planners in a better way," Mr Cuffe said.

Mr Cuffe said he was delighted that the Board had allowed him the opportunity to be able to focus solely on continuing to build Challenger's wealth management business.

"When I became involved with the Challenger Group in January 2003, my focus initially was to build a financial services company that excelled in wealth management. Clearly Challenger today is more diverse and has multiple growth opportunities and diversified revenue across our three core businesses, requiring a broad focus. With the foundation for the future of the Group now firmly set, I am choosing to focus solely on my area of specialty, wealth management.

In order to ensure a smooth transition, Mr Cuffe will remain CEO of the group until the end of July and will work closely with Mr Tilley as part of the handover. Following the transition period, Mr Cuffe will become CEO, Challenger Wealth Management. Challenger's current Executive Director, Wealth Management, Mr Rob Adams, will take on the role of Deputy-CEO, Wealth Management.

"A lot has been achieved in the last year and as a result Challenger today is a considerably stronger business.



Mike Tilley is an excellent appointment for Challenger. I could not have made my decision to step down from the Group CEO role without the comfort of knowing that a person of Mike's calibre was taking over the role. I look forward to continuing to work with him and the rest of the Challenger management team to further build on the achievements of the past year," Mr Cuffe said.

Challenger's Chairman, Peter Polson acknowledged Mr Cuffe's contribution to Challenger in the role of CEO. "The work and commitment of Chris, the management team and the Board in the last 15 months has resulted in ensuring the foundations are set to grow Challenger's three core businesses. Achievements in the past year include the transformation from a listed trust to a listed company, improved disclosure and simplification of accounting within the annuities business, divesting of non-core businesses, active and profitable management of the property portfolio, significant development in the mortgage finance and wealth management divisions through acquisitions and strategic alliances, new equity products and expansion of the funds management team, and a solid increase in funds flow. In addition, the company has totally rebuilt its systems to improve risk management and administration efficiencies," Mr Polson said.

The duration of Mr Cuffe's current contract remains unchanged. The components of Mr Cuffe's remuneration package including his long-term incentive arrangements will reduce in accordance with his change of focus from Group to business line responsibility.

Mr Tilley will resign from his role of Vice-Chairman, Investment Banking Group, JP Morgan and re-locate from Melbourne to Sydney. The detail and terms of Mr Tilley's employment contract have yet to be finalised by the Board but will be released to the market shortly.

Mr Polson said Mr Tilley will be responsible for overseeing the further development of Challenger's three core business areas.

"The Board understands Chris' decision to concentrate his efforts on wealth management and views the combination of Mr Tilley at a Group level and Mr Cuffe as CEO, Challenger Wealth Management as a positive outcome for the business and ultimately for shareholders.

"Mike brings both management experience and an in depth knowledge of the financial services industry. His experience working closely with chief executives across a wide range of industries is invaluable. As a Director on the Board, Mike has shown that he understands the Challenger business. He has overseen the achievements of the last 15 months, and recognises the



opportunity to enhance Challenger's position as a diversified financial services company," Mr Polson said.

Mr Tilley joined the Board of CPH Management following the merger of CPH Investment Corp and Challenger International Limited in July 2003, and retained his directorship following the shift to a company structure and the creation of Challenger Financial Services Group Limited in December 2003.

Previously, Mr Tilley spent five years with investment bank Merrill Lynch where he held the positions of Executive Chairman, Australasia and Head of Mergers and Acquisitions in the Asia Pacific region, and was a member of the Merrill Lynch Asia Executive Committee responsible for overall operations of the region. Prior to joining Merrill Lynch in 1997, Mr Tilley was principal of Centaurus Corporate Finance Pty Limited and a partner at Deloitte Touche Tohmatsu.

Mr Tilley said he is delighted to be taking over the leadership of the company at an important phase in its development.

"The foundation is set to grow a diverse financial services company across annuities, mortgage finance, and wealth management. As part of that plan, I recognise our responsibility to ensure the market understands and supports the strategic direction of the Challenger business.

"Challenger has an outstanding management team and Board of Directors, and dedicated and focused employees. I look forward to working with everyone at Challenger to continue to strengthen the company and build on the achievements of the past year. I believe the company is well-placed to take advantage of opportunities in the market and to continue to enhance our position in the financial services sector."

Mr Tilley will remain a Director of the Challenger Board. Mr Cuffe will resign as a Director at the end of July.

From August, the Directors on the Challenger Board will be Peter Polson, Chairman, Mike Tilley, Chief Executive Officer, and Directors, Graham Cubbin, Russell Hooper, Ashok Jacob, James Packer, James Service and Brenda Shanahan.

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