

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To **Challenger Financial Services Group Limited**
ACN/ARSN **106 842 371**

1. Details of substantial holder

Name **Barclays Global Investors Australia Limited** on behalf of the Barclays Group ("BGI")
ABN **33 001 804 566** (Barclays Global Investors Australia Limited)

The holder became a substantial holder on 13 January 2006.

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 had a relevant interest on the date the substantial holder became a substantial holder are as follows:

Class of securities	Number of securities	Person's votes	Voting power
Ordinary	27,515,844	27,515,844	5.12%

3. Details of relevant interests

The nature of the relevant interest the substantial holder 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	Class and number of securities
BGI	Fund Manager – see Annexure A	27,515,844 ordinary

4. Details of present registered holders

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

Holder of relevant interest	Registered holder of securities	Class and number of securities
BGI	JP Morgan & other custodians – see Annexure A	27,515,844 ordinary

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 Cash/Non-cash	Class and number of securities
BGI	21/6/05 to 13/1/06	Avg price \$3.70	27,515,844 ordinary

6. Addresses

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

Name	Address
Barclays Global Investors Australia Limited	1/111 Harrington Street, Sydney NSW 2000

Signature

Andrew Kuo
Company Secretary
Barclays Global Investors Australia

Date

This is "Annexure A" of 1 page referred to in Form 603 Notice of initial substantial holder

Relevant interest in Challenger Financial Services Group Limited ("CGF") held by members of the Barclays Group.

The list of Barclays entities and their respective holdings are as follows:

ASX CODE	STOCK NAME	HOLDING	%	COMPANY
CGF	Challenger Financial Services Group Ltd	420,844	0.08	Barclays Global Investors Japan Trust & Banking
CGF	Challenger Financial Services Group Ltd	179,566	0.03	Barclays Global Investors Japan Ltd
CGF	Challenger Financial Services Group Ltd	2,948,247	0.55	Barclays Global Investors Ltd
CGF	Challenger Financial Services Group Ltd	45,000	0.01	Barclays Life Assurance Co Ltd
CGF	Challenger Financial Services Group Ltd	4,395,722	0.82	Barclays Global Investors, N.A.
CGF	Challenger Financial Services Group Ltd	1,257,914	0.23	Barclays Global Fund Advisors
CGF	Challenger Financial Services Group Ltd	18,815	0.00	Barclays Global Investors Canada Ltd
CGF	Challenger Financial Services Group Ltd	18,249,736	3.39	Barclays Global Investors Australia Ltd
		27,515,844	5.12	

The JP Morgan Chase Bank Inc. and various other custodians (Custodians) hold shares in CGF as custodian and for which the members of the Barclays Group are either:

- the responsible entity or trustee of pooled investment products such as registered managed investment schemes (Funds); or
- the investment manager of Portfolios held for a number of institutional investors. The institutional investors are generally superannuation funds regulated under the *Superannuation Industry Supervision Act 1993*.

The holding of shares in CGF was acquired as part of the wide portfolio of Australian shares and units acquired for the Funds and the Portfolios.

The members of the Barclays Group and the Custodians may hold relevant interests due to the capacity of these entities to dispose of the shares in CGF.

Each investor in a Fund owns an undivided interest in the Fund's assets, no client directly owns any asset of the Fund. The unitholding of each Fund varies from time to time as clients enter and withdraw from the Funds. The various institutional investors with portfolios delegate the management of the portfolios to the members of the Barclays Group.

Andrew Kuo
Company Secretary
Barclays Global Investors Australia

Date