

26 October 2007

Mr A Smythe
Senior Adviser Issuers, Market Supervision
Australian Stock Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 1215

Sydney

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Telephone 02 9994 7000
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Dear Mr Smythe

**Challenger Financial Services Group Limited (CGF)
Notice pursuant to Section 708A(5) of the Corporations Act 2001**

Challenger Financial Services Group Limited ("**Challenger**") gives notice as follows:

On 26 October 2007, Challenger issued 24 million fully paid ordinary shares in the capital of Challenger to The Bank of Tokyo-Mitsubishi UFJ, Ltd and 16 million fully paid ordinary shares in the capital of Challenger to Mitsubishi UFJ Securities Co., Ltd. pursuant to a subscription agreement dated 13 September 2007.

The Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act 2001 ("Act").

This notice is being given under paragraph 5(e) of section 708A of the Act.

As at the date of this notice Challenger has complied with:

- the provisions of Chapter 2M of the Act as they apply to Challenger; and
- section 674 of the Act,

As at the date of this notice, there is no excluded information within the meaning of sections 708A(7) and 708A(8) of the Act.

Yours sincerely,



Chris Robson
General Counsel and Group Company Secretary

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