

Sydney

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25 September 2008

Mr Ben Wachter
Adviser Issuers
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Mr Wachter,

Challenger Financial Services Group Limited Appendix 3Y

I enclose the Appendix 3Y in respect of Mr Dominic Stevens regarding a change of interest in a contract to a relevant interest in shares and regarding an issue of Performance Rights pursuant to the Challenger Performance Plan.

I note that the change of interest in a contract arose on 15 September 2008 and hence is being lodged 3 days outside of the period specified in the Listing Rules. The reason for this late lodgement is that internal management procedures failed to pick up the Appendix 3Y lodgement obligations on automatic vesting of Challenger Performance Plan Performance Rights and the consequent issue of shares. The Company has arrangements in place with its directors through contracts which ensure that disclosure obligations are met under the listing rules. This notifiable change of interest did not arise from any failure to act by a director. The Company's management and compliance procedures have been rectified so that processes capture lodgement obligations on vesting of Performance Rights.

Yours Sincerely



Chris Robson
General Counsel and Group Company Secretary
Challenger Financial Service Group Limited

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Challenger Financial Services Group Limited ABN 85 106 842 371 Challenger Group Services Pty Limited ABN 91 085 657 307
Challenger Life No.2 Limited ABN 44 072 486 938 AFSL 234670 Challenger Commercial Lending Limited ABN 65 000 033 143
Challenger Managed Investments Limited ABN 94 002 835 592 AFSL 234668 RSE Licence No. L0002967
Challenger Listed Investments Limited ABN 94 055 293 844 AFSL 236 887 CIF Investment Trust 1 ARSN 114 139 703 CIF Investment Trust 2 ARSN 114 139 632
Challenger Wine Trust ARSN 092 960 060 Challenger Diversified Property Trust 1 ARSN 121 484 606 Challenger Diversified Property Trust 2 ARSN 121 484 713
Challenger Kenedix Japan Trust ARSN 124 068 971 Challenger Management Services Limited ABN 29 092 382 842 AFSL 234 678
Challenger Retirement Services Pty Limited ACN 115 534 453 AFSL 295642 RSE Licence No. L0001304

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity Challenger Financial Services Group Limited (Challenger)
ABN 85 106 842 371

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Dominic Stevens
Date of last notice	3 September 2008

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	N/A
Date of change	15 September 2008
No. of securities held prior to change	5,700,000 ordinary shares 1,900,000 options 2,000,000 ordinary shares held by Deutsche Bank AG as previously disclosed
Class	ordinary
Number acquired	82,655
Number disposed	nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	Nil. The performance rights were granted on 15 September 2007 in satisfaction of the compulsorily deferred component of Mr Steven's discretionary performance bonus.
No. of securities held after change	5,782,655 ordinary shares 1,900,000 options 2,000,000 ordinary shares held by Deutsche Bank AG as previously disclosed

Appendix 3Y

Change of Director's Interest Notice

Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Previously issued performance rights have vested and shares were transferred to Mr Stevens in accordance with Plan Rules, including the shares being subject to a holding lock.
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Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Offer letter dated 15 September 2008 from Challenger to Mr Stevens in connection with the grant of performance rights under the Challenger Performance Plan (Offer Letter), as accepted by Mr Stevens on 19 September 2008. The performance rights are granted in satisfaction of the compulsorily deferred component of Mr Steven's discretionary performance bonus from Challenger payable on 15 September 2008.
Nature of interest	The performance rights will vest over a two year period subject to Mr Steven's continued employment with Challenger. Vesting of one half of the performance rights will occur on each of the first and second anniversary of 15 September 2008, subject to Mr Steven's continued employment with Challenger on each of those anniversaries. Each performance right will be satisfied by the transfer of one ordinary Challenger share within 30 days of vesting.
Name of registered holder (if issued securities)	Not applicable.
Date of change	19 September 2008.
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	Previously held 283,901 performance rights
Interest acquired	567,555 performance rights.
Interest disposed	82,655 (Disposal by way of vesting of performance rights. Refer Part 1 above)
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	\$1,600,000.
Interest after change	768,801 performance rights.

+ See chapter 19 for defined terms.