CHALLENGER CAPITAL NOTES
QUARTERLY DISTRIBUTION RATE SET

10 October 2014, Sydney — Challenger Limited (Challenger) advises the Distribution Rate and Distribution for the next Challenger Capital Notes (ASX: CGFPA) Distribution Payment Date.

Distribution Rate

The Distribution Rate has been determined under the Challenger Capital Notes Terms, as set out in the Prospectus dated 4 September 2014.

Distribution Rate = (Bank Bill Rate + Margin) x Franking Adjustment Factor, where:

Bank Bill Rate (90 day bank bill rate on 9 October 2014)	2.7117% p.a.
Plus Margin	3.4000% p.a.
Total	6.1117% p.a.
Multiplied by Franking Adjustment Factor[1]	76.9231% p.a.
Distribution Rate	**4.7013% p.a.**

Franking Adjustment Factor = $(1 - T) / \{1 - [T \times (1 - F)]\}$, where:

F = Franking Rate	70%
T = Tax Rate	30%
Franking Adjustment Factor[1]	**76.9231%**

Distribution = Distribution Rate x A$100 x Number of days in Distribution Period / 365

Distribution per A$100 Note	**A$1.79**

Distribution Payment Date

Distribution Payment Date	25 February 2015
Record Date	17 February 2015
First day of current Distribution Period (inclusive)	9 October 2014
Last day of current Distribution Period (exclusive)	25 February 2015
Number of days in current Distribution Period	139

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[1] Franking Adjustment Factor based on an expected Franking Rate of 70% and Tax Rate of 30%. The Franking Rate for a Distribution Period may be a lesser or higher percentage depending on Challenger's level of available franking credits.

Distributions are discretionary and are subject to there being no Payment Condition existing in respect of the relevant Distribution Payment Date.

Capitalised terms used in this announcement but not defined have the meaning they are given in the Challenger Capital Notes Prospectus dated 4 September 2014. The Prospectus and other information about Challenger Capital Notes may be found at www.challenger.com.au.

ENDS

Disclaimer

The forward-looking statements, estimates and projections contained in this release are not representations as to future performance and nothing in this release should be relied upon as guarantees or representations of future performance.