This is an important document and requires your immediate attention.

ClearView

ClearView Wealth Limited

Target's Statement

This Target's Statement has been issued by ClearView Wealth Limited (ACN 106 248 248) in response to an unsolicited takeover offer made by CCP BidCo Pty Limited (ACN 159 362 428)

REJECT

the offer by
CCP BidCo Pty Limited
to purchase all of your shares in
ClearView Wealth Limited
for **$0.50** cash per share.

Financial Advisers

EMERALD

J.P.Morgan

Legal Adviser

Baker & McKenzie

You should call 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST), if you have any questions or require assistance.

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REASONS TO REJECT THE OFFER

Your Directors* recommend that you reject the Offer for the following reasons:

1. ClearView is delivering on its stated strategy
2. The timing of the Offer is highly opportunistic
3. The Offer is inadequate and substantially undervalues your Shares
4. The Independent Expert has concluded that the Offer is NOT FAIR AND NOT REASONABLE
5. The Offer is considered wholly inadequate by GPG, which holds a 47.8% interest in ClearView
6. The Offer is highly conditional and uncertain

* Other than Mr John Murphy who absented himself from deliberations and refrained from making a recommendation in respect to the Offer as he is a director and unitholder of entities associated with CCP BidCo.

Important Information

This is a Target's Statement issued by ClearView Wealth Limited (**ClearView**) in response to the Bidder's Statement issued by CCP BidCo Pty Limited (**CCP BidCo**).

This Target's Statement is an important document and should be read in its entirety before deciding whether to accept the Offer.

Key Dates

Date of announcement of the Offer	12 July 2012
Date of original Bidder's Statement lodged with ASIC	12 July 2012
Date of Replacement Bidder's Statement	30 July 2012
Date of Offer	6 August 2012
Date of this Target's Statement	20 August 2012
Closing Date of the Offer (unless extended or withdrawn)*	7:00pm (AEST) on 7 September 2012

*Note: The Closing Date of the Offer may change as permitted by the Corporations Act. Any changes to the above timetable will be announced through the ASX website at www.asx.com.au under the ASX code CVW.

ASIC and ASX

A copy of this Target's Statement was lodged with ASIC on 20 August 2012 and sent to ASX on the same date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Investment Decision

The information contained in this Target's Statement does not constitute financial product advice and this Target's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Shareholder. You should seek independent financial and taxation advice before making the decision whether to accept or reject the Offer.

Forward Looking Statements

This Target's Statement may contain forward looking statements which have not been based solely on historical facts, but are rather based on ClearView's current expectations about future events. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of ClearView, its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events, or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Risks

There are a number of risks which may affect the performance of ClearView. Some of these risks are discussed in Section 6.

Information on CCP BidCo

Except where disclosed otherwise, the information on CCP BidCo in this Target's Statement has been obtained from the Bidder's Statement and using publicly available information as at the date of this Target's Statement.

ClearView has not commented on or verified any of the information relating to CCP BidCo in this Target's Statement. ClearView does not, to the maximum extent permitted by law, make any representation or warranty (express or implied), nor assume any responsibility, as to the accuracy or completeness of such information. The information on CCP BidCo in this Target's Statement should not be considered to be comprehensive.

Notice to Foreign Shareholders

The distribution of this Target's Statement may in some countries be restricted by law or regulation. Accordingly, persons who come into possession of this Target's Statement should inform themselves of and observe those restrictions. This Target's Statement does not constitute a recommendation in any jurisdiction in which, or to any person to whom, it would be unlawful to make such a recommendation.

Privacy Statement

ClearView has collected your information from the Share Registry for the purpose of providing you with this Target's Statement. The type of information ClearView has collected about you includes your name, contact details and information on your Shareholding in ClearView. The Corporations Act requires the name and address of Shareholders to be held in a public register.

ClearView has also provided or will provide personal information about its Shareholders to CCP BidCo in accordance with the Corporations Act and the ASX Settlement Operating Rules. CCP BidCo states in the Bidder's Statement that it may disclose this information on a confidential basis to its Related Bodies Corporate and external service providers, and that it may be required to be disclosed to regulators such as ASIC.

Time

All references to time in this Target's Statement are to Australian Eastern Standard Time (AEST).

Defined Terms

A number of defined terms are used in this Target's Statement. The definitions are in the glossary in Section 10.

Diagrams

All diagrams appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables in this Target's Statement is based on information available as at the date of this Target's Statement.

Further Information

You should call 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST), if you have any questions or require assistance.

Chairman's Letter

20 August 2012

Dear Shareholder

REJECT CCP BIDCO'S INADEQUATE UNSOLICITED TAKEOVER OFFER FOR YOUR SHARES

By now you should have received a Bidder's Statement from CCP BidCo Pty Limited (**CCP BidCo**) which provides information on its unsolicited off-market takeover offer for your Shares in ClearView Wealth Limited (**ClearView**) for $0.50 per Share (**Offer**).

This Target's Statement sets out the recommendation of the Directors in relation to the Offer made by CCP BidCo.

Directors' Recommendation

The Directors (other than Mr John Murphy) have considered all of the information available to them, including the Independent Expert's Report, and unanimously recommend that you **REJECT THE OFFER** made by CCP BidCo for the reasons set out in this Target's Statement and summarised below.

Mr John Murphy has absented himself from deliberations and refrained from making a recommendation in respect of the Offer as he is a director and unitholder of entities associated with CCP BidCo.

Reasons for the Directors' Recommendation

The key reasons for the Directors' recommendation are:

1. ClearView is delivering on its stated strategy;
2. The timing of the Offer is highly opportunistic;
3. The Offer is inadequate and substantially undervalues your Shares;
4. The Independent Expert has concluded that the Offer is **NOT FAIR AND NOT REASONABLE**;
5. The Offer is considered wholly inadequate by GPG, which holds a 47.8% interest in ClearView; and
6. The Offer is highly conditional and uncertain.

A full discussion of the reasons for the Directors' recommendation is set out in Section 1 of this Target's Statement, which you should read in full. In addition, the key risks associated with rejecting the Offer and remaining a Shareholder of ClearView are outlined in Section 6.

Independent Expert's Conclusion

This Target's Statement includes an Independent Expert's Report from KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (**Independent Expert**) in Annexure A. The Independent Expert has concluded that the Offer is **NOT FAIR AND NOT REASONABLE** for Non-Associated Shareholders and has ascribed a valuation range of $0.68 to $0.74 per Share. The Directors recommend that Shareholders consider the matters raised by the Independent Expert in reaching its conclusion in respect of the Offer.

How to REJECT THE OFFER made by CCP BidCo

The Offer is scheduled to close at 7:00pm (AEST) on 7 September 2012 (unless withdrawn or extended).

To **REJECT THE OFFER, DO NOT RESPOND** and **TAKE NO ACTION** in relation to all documents sent to you by CCP BidCo.

The Directors will consider any alternative initiatives or proposals that may become available which will maximise Shareholder value. ClearView has received a number of expressions of interest from parties other than CCP BidCo. However, there are currently no proposals which are sufficiently advanced to warrant disclosure, and there is no assurance that any binding proposal will eventuate.

Enquiries

ClearView will keep you informed of any further developments in relation to the Offer, and any other relevant developments, through ASX announcements which will be available on the ASX website at www.asx.com.au under the ASX code CVW.

If you have any questions or require assistance, please call the Offer Information Line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8:30am and 5:30pm (AEST).

We urge you to read this Target's Statement in its entirety and consider the Offer having regard to your own personal risk profile, investment strategy and tax position. In this regard, you may wish to consult a professional financial adviser.

Yours faithfully,

Ray Kellerman

Chairman

Directors' Recommendation

After taking into account each of the matters described in this Target's Statement, and in particular the reasons set out in Section 1, the Directors (other than Mr John Murphy[1]) unanimously recommend that you REJECT THE OFFER by TAKING NO ACTION.

How to Reject CCP BidCo's Offer

1. To **REJECT THE OFFER**, **TAKE NO ACTION** in relation to all documents sent to you by CCP BidCo.
2. You should read this Target's Statement carefully to fully understand the views of the Directors.
3. If you have any questions or require assistance, please call the Offer Information Line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST).

[1] Mr John Murphy absented himself from deliberations and refrained from making a recommendation in respect to the Offer as he is a director and unitholder of entities associated with CCP BidCo.

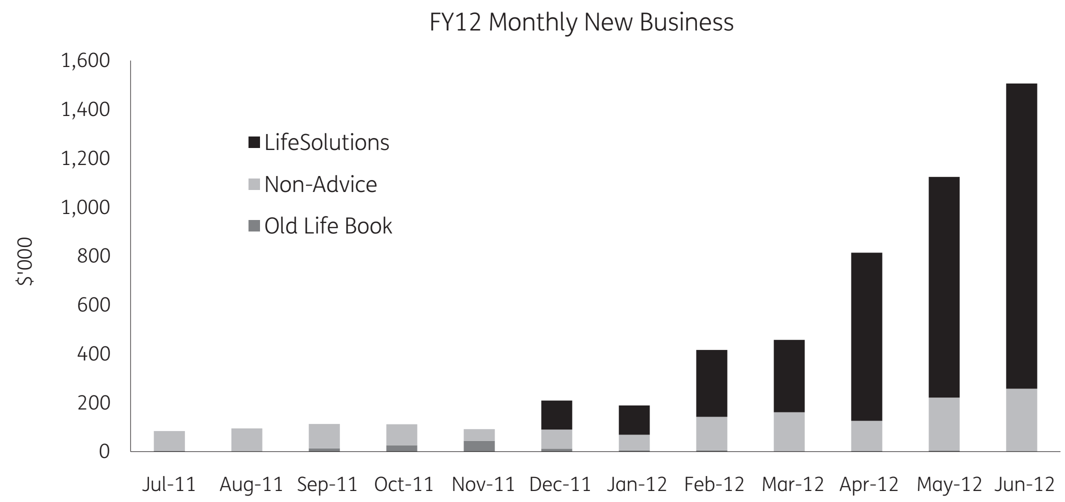
1 Reasons to Reject the Offer

1.1 ClearView is Delivering on its Stated Strategy

ClearView is well advanced in its corporate development plans and after significant capital investment and management focus is now starting to reap the benefits of its strategy of increasing its share of the Australian life insurance and wealth management markets.

Since the acquisition of Bupa's life and wealth businesses, ClearView has made substantial progress against its key milestones. ClearView has undergone significant transformation over the last two years through the successful implementation of modern and scalable systems, the launch of LifeSolutions and WealthSolutions, the recruitment of experienced and successful advisers and distribution partners, and the establishment of distribution agreements with independent advisers.

The success of ClearView's strategy is only just beginning to show in its financial performance. The following graph illustrates ClearView's monthly life insurance sales since July 2011 and reflects the strong sales growth following the launch of LifeSolutions in December 2011.



Your Directors believe ClearView has laid the foundations for growth and that the company, following the successful launch of LifeSolutions, WealthSolutions and the upgrade in the non-advice life product range, remains well positioned to benefit from growth in life insurance sales and wealth FUM flows.

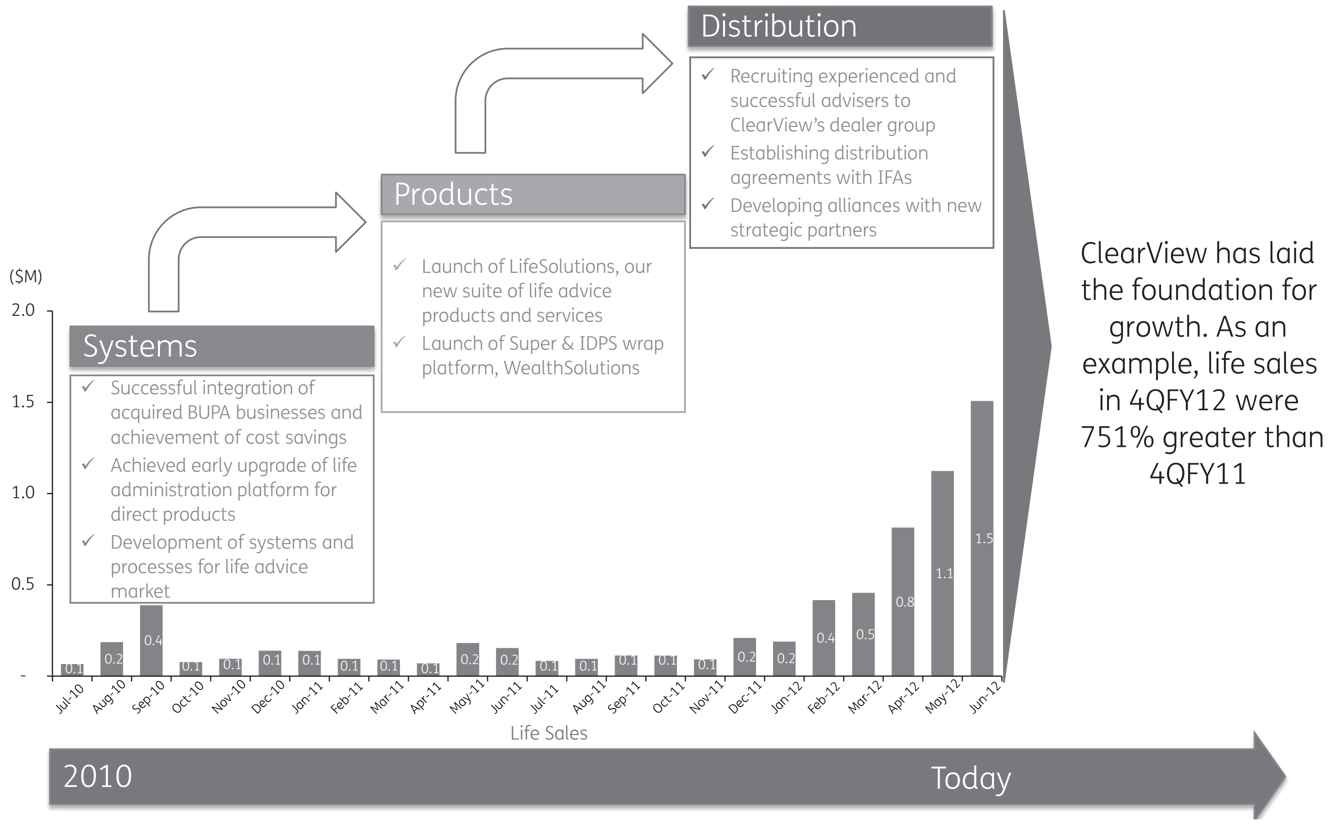
There is considerable value in ClearView which is only beginning to flow through to Shareholders. The Offer fails to reflect this value.

1.2 The Timing of CCP BidCo's Offer is Highly Opportunistic

The Offer appears deliberately timed to take advantage of ClearView having laid the foundation for growth but only beginning to realise the full financial benefits. The Offer seeks to deprive Shareholders of the opportunity to realise the full value of their investment before the full benefits of ClearView's strategic plan have been realised.

The Offer has come after ClearView successfully implemented systems, new products and increased distribution. Sales growth is underway but the full financial benefits from the transformation of ClearView are only beginning to be realised.

Foundation Laid and Sales Momentum Underway



The Offer comes at a time when there is significant volatility in equity markets generally and, specifically in relation to ClearView, considerable uncertainty regarding GPG's intentions for its 47.8% shareholding in ClearView.

The Directors consider that the uncertainty regarding GPG's intentions in respect of its substantial holding in ClearView may have weighed upon the trading price of Shares such that ClearView's trading price does not reflect its true underlying value.

The Offer was made before ClearView announced its full year result to 30 June 2012 and less than 24 hours after ClearView's announcement of strong 4QFY12 life insurance sales following the launch of LifeSolutions, the recent recruitment of experienced and successful advisers and the establishment of distribution agreements with independent financial advisers.

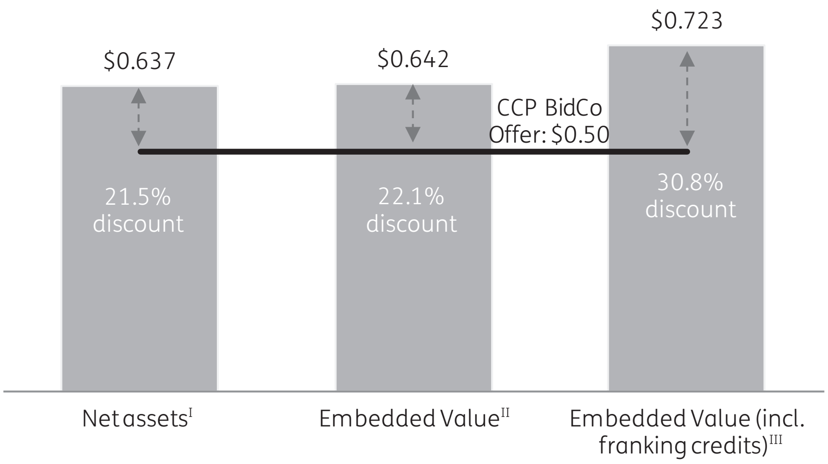
The Offer follows the implementation of ClearView's strategy initiatives but may pre-empt any potential market re-rating resulting from those initiatives.

1.3 CCP BidCo's Offer is Inadequate and Substantially Undervalues Your ClearView Shares

1.3.1 The Offer does not reflect appropriate value for your Shares

The value of a life insurance company and wealth manager is in the contracts it has already written and the value of the business it will write in the future. A smaller company (such as ClearView) has much greater potential for growth than a large company with a large market share. Much of ClearView's value lies in the products, systems and distribution to enable that growth. Accordingly, a common measure of the existing business of a life insurance company and wealth manager, known as Embedded Value, places no value on future potential for a growing business. The Offer does not reward Shareholders for the investment in growth which is now achieving demonstrable results.

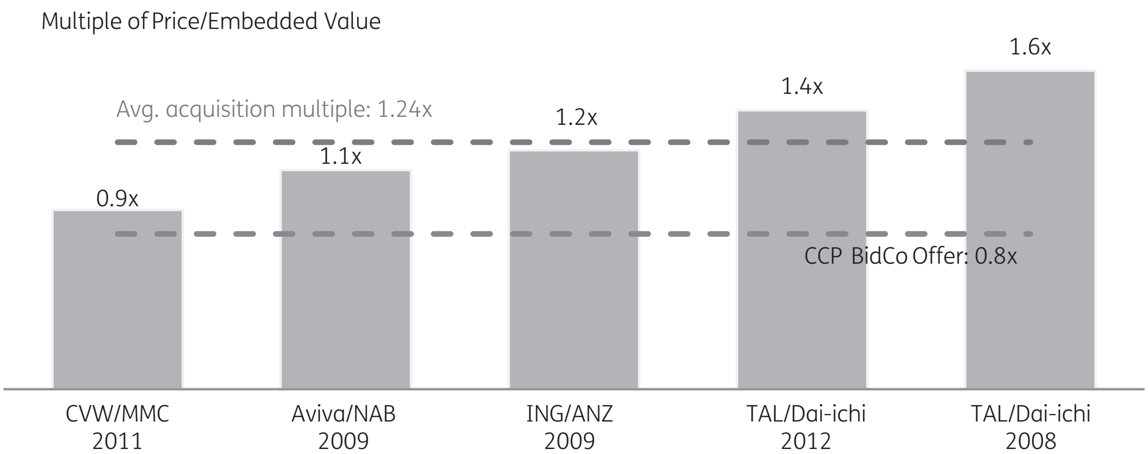
The Offer Price of $0.50 per Share is significantly below ClearView's Embedded Value of $0.642 per Share[2], Embedded Value including franking credits of $0.723 per Share[3] and Net Assets of $0.637 per Share[4], all as at 30 June 2012 and all of which are significantly above the Offer Price. The discount to Embedded Value and Net Assets is shown in the chart below.



[I] Audited net assets as at 30 June 2012. [II] As at 30 June 2012 and includes the value of ESP loans ($17.4m as at 30 June 2012). [III] As at 30 June 2012 and includes the value of ESP loans ($ 17.4m) and $36 million of franking credits.

1.3.2 The Offer undervalues your Shares based on acquisition multiples in comparable transactions

The Offer is well below the average premium to Embedded Value for comparable transactions in the life insurance sector. As outlined in the Independent Expert's Report, recent transactions in the life insurance sector indicate that the consideration offered by bidders is typically an average multiple of 1.24x Embedded Value (refer to paragraph 1.3.1 for an explanation of the meaning of Embedded Value).



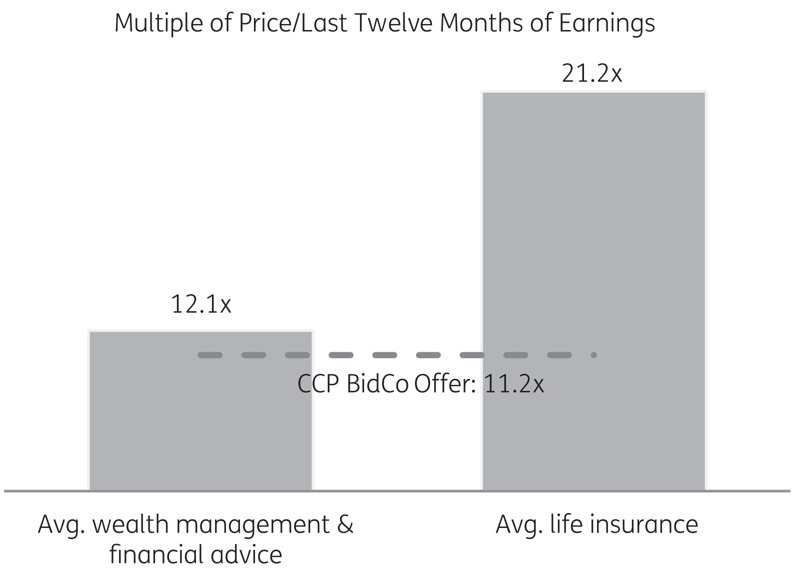
Source: Independent Expert's Report

[2] The Embedded Value per Share calculation includes the ClearView ESP Loans.

[3] The value of franking credits of $36m represents 70% of the present value of future imputation credits arising from future tax payable on the assumed future cash flows included in the Embedded Value calculation. This is not related to ClearView's current franking account balance. Common industry practice is to consider the value of such credits in addition to the Embedded Value. Franking credits will not have the same (or, in some cases, any) value for all shareholders.

[4] The Net Asset Value calculation includes the ClearView ESP Loans.

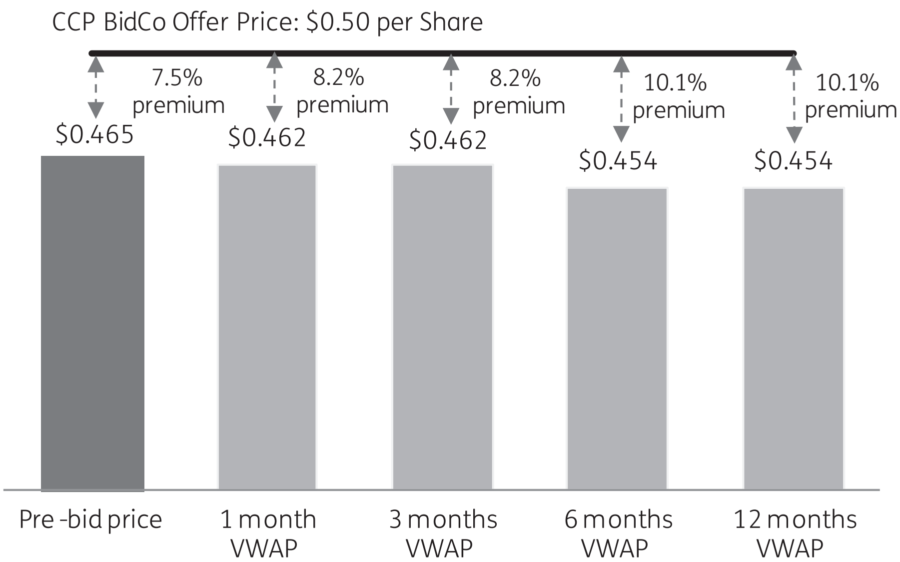
The implied multiple of the Offer of 11.2 x FY12 underlying earnings is also substantially below the average of price/earnings multiples for recent comparable transactions in the life insurance, wealth management and financial advice sector as shown in the following graph.



Source: Independent Expert's Report

1.3.3 The Offer Price is at an insufficient premium to the ClearView Volume Weighted Average Price (**VWAP**) for the 1 month, 3 month, 6 month and 12 month periods to 11 July 2012

The Offer Price of $0.50 per Share is only 7.5% higher than the closing price of Shares of $0.465 on 11 July 2012, being the last day on which Shares traded prior to CCP BidCo announcing its intention to make a takeover offer for ClearView.



Source: Independent Expert's Report

Note: Shares are relatively illiquid due to GPG having a shareholding in 47.8% of ClearView, and historical market prices therefore may not be indicative of the intrinsic value of a Share.

As outlined by the Independent Expert's Report, the average bid premium paid on Australian transactions for the year and five years to 30 June 2012 are 36.8% and 37.5% respectively in successful takeovers in Australia.

1.4 The Independent Expert has Concluded that the Offer is NOT FAIR AND NOT REASONABLE

The Independent Expert (KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd) has concluded that the Offer is NOT FAIR AND NOT REASONABLE for Non-Associated Shareholders.

The Independent Expert has concluded that ClearView is worth considerably more than the Offer.

The Independent Expert has valued 100% of the Shares in ClearView on a controlling interest basis in accordance with ASIC Regulatory Guide 111 at between $0.68 to $0.74 per Share (refer to Section 4.1 of the Independent Expert's Report). The Independent Expert notes that this valuation does not allow for any synergies and benefits that may be unique to CCP BidCo.

The Offer Price is significantly below the Independent Expert's valuation range.

A copy of the Independent Expert's Report is set out in Annexure A of this Target's Statement. The Directors recommend that you carefully read the Independent Expert's Report in its entirety before making a decision with respect to the Offer.

1.5 The Offer is Considered Wholly Inadequate by GPG, which is a Substantial Shareholder in ClearView

Despite the uncertainty surrounding GPG's intentions regarding its Shareholding in ClearView, GPG has made it clear in its announcement on 12 July 2012 that the Offer "represents a substantial discount to the fair value of ClearView Wealth Limited and is wholly inadequate".

As GPG holds 47.8% of the Shares, it is very unlikely that the Minimum Acceptance Condition will be satisfied unless GPG accepts the Offer.

Without GPG's support, the Offer is likely to FAIL.

1.6 CCP BidCo's Offer is Highly Conditional and Uncertain

CCP's Offer is highly conditional and uncertain and the Directors believe there is a material risk that the Conditions it contains will never be satisfied.

The Offer is subject to a number of Conditions, which make it uncertain whether the Offer will ever become unconditional. Specifically, the Offer is subject to the following Conditions:

- The Minimum Acceptance Condition;
- No ClearView securities being on issue other than the Shares;
- All required regulatory approvals being obtained (including APRA and FIRB approval);
- No regulatory action which would prohibit the Offer from proceeding;
- No material adverse change occurring in relation to the ClearView Group (taken as a whole);
- No prescribed occurrences;
- The S&P/ASX 200 Index not closing below 3750 for three or more consecutive trading days; and
- No additional material capital expenditure or material acquisitions or disposals committed to by ClearView other than as previously announced.

The Offer is further complicated by structured put and call and standstill arrangements and complicated funding arrangements between various parties (including Investec Bank (Australia) Limited, a shareholder of ClearView who is acting as a financier to CCP BidCo).

If you accept the Offer and the Conditions of the Offer are not satisfied or waived, CCP BidCo will not be obliged to acquire your Shares. However, you will be unable to sell your Shares for the duration of the Offer Period (including if a superior offer emerges for ClearView) unless CCP BidCo has not at that time already obtained FIRB approval or, if CCP BidCo has obtained FIRB approval and a withdrawal right arises under the Corporations Act.

Even if you accept the Offer, it may not be successful. You will only be paid the Offer Price for your Shares if all of the Conditions are satisfied or waived. You may also forgo the opportunity to receive an alternate offer.

2 Frequently Asked Questions

This Section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Shareholders. This Section should be read together with the rest of this Target's Statement before deciding whether or not to accept the Offer.

Further information will be available in ASX announcements released by ClearView after the date of this Target's Statement and on the ASX website at www.asx.com.au under ASX code CVW.

If you have any questions or require assistance, please call the Offer Information Line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8:30am and 5:30pm (AEST).

Question	Answer
Who is making the Offer?	The bidder under the Offer is CCP BidCo, an entity owned and controlled by Crescent Capital Partners Management Pty Limited (Crescent). Crescent is a private equity manager which invests in Australian and New Zealand companies and is the lead advisory and management entity affiliated with Crescent Capital Partners. Further information on CCP BidCo is set out in Section 2 of the Bidder's Statement.
What is the Offer for my Shares?	CCP BidCo is offering to acquire all or part of your Shares by way of an off-market takeover bid. The Offer Price is $0.50 cash for each Share less the FY12 final fully franked dividend of 1.8 cents per Share.
What is the Bidder's Statement?	The Bidder's Statement is the document prepared by CCP BidCo containing the terms of the Offer in detail and information important to your decision on whether to accept or reject the Offer. You should have already received the Bidder's Statement from CCP BidCo. If you do not have a copy of the Bidder's Statement, please contact the CCP BidCo Offer Information Line on 1800 134 068 (callers within Australia) or +612 8280 7732 (callers outside Australia), Monday to Friday between 8:30am and 5:30pm (AEST).
What is the Target's Statement?	This Target's Statement has been prepared and approved by the Directors and provides ClearView's response to the Offer, including the recommendation of the Directors (other than Mr John Murphy who has refrained from making a recommendation in respect of the Offer as he is a director and unitholder of entities associated with CCP BidCo).
What choices do I have as a Shareholder?	As a Shareholder, you have the following choices in respect of all or part of your Shares: • **REJECT THE OFFER** made by CCP BidCo, in which case you do not need to take any action. This is the course of action recommended by the Directors (other than Mr John Murphy); • **Accept the Offer** for all or some of your Shares; or • **Sell all or part** of your Shares on the ASX. There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 7 of this Target's Statement.

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>What do the Directors recommend?</td><td>The Directors (other than Mr John Murphy) unanimously recommend that you REJECT THE OFFER. The reasons for the Directors' recommendation are detailed in Section 1 of this Target's Statement.

Mr John Murphy has refrained from making a recommendation in respect of the Offer as he is a director and unitholder of entities associated with CCP BidCo.

To REJECT THE OFFER, TAKE NO ACTION. You do not need to do anything, simply continue to hold your Shares.

If there is a change in this recommendation or any material developments in relation to the Offer, ClearView will lodge a supplementary target's statement.</td></tr>
<tr><td>What do the Directors intend to do with their Shares?</td><td>Each Director (other than Mr John Murphy) who holds or controls Shares presently intends to REJECT THE OFFER in relation to those Shares.

Mr John Murphy makes no statement as to whether he intends to accept or reject the Offer in relation to those Shares that he owns and/or controls.</td></tr>
<tr><td>What does the Independent Expert say?</td><td>The Independent Expert has concluded that the Offer is NOT FAIR AND NOT REASONABLE for Non-Associated Shareholders.

The Independent Expert's Report accompanies this Target's Statement and is located in Annexure A.</td></tr>
<tr><td>When do Shareholders have to make a decision?</td><td>If you wish to follow the Directors' recommendation and REJECT THE OFFER made by CCP BidCo you do not need to do anything.

If you wish to accept the inadequate, opportunistic and unsolicited Offer, you must follow the instructions in Section 9.3 of the Bidder's Statement.

If you decide to accept the Offer, the Directors recommend that you not accept until near the end of the Offer Period to accommodate the possibility of a superior initiative or proposal emerging.

The Offer will remain open until 7.00pm (AEST) on 7 September 2012. CCP BidCo may extend the Offer in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 9.2 of the Bidder's Statement for details of the circumstances in which the Offer Period can be extended.</td></tr>
<tr><td>Is the Offer conditional?</td><td>Yes. The Offer is subject to the following Conditions:
• The Minimum Acceptance Condition;
• No ClearView securities being on issue other than the Shares;
• All required regulatory approvals being obtained (including APRA and FIRB approval);
• No regulatory action which would prohibit the Offer from proceeding;
• No material adverse change occurring in relation to the ClearView Group (taken as a whole);
• No prescribed occurrences;
• The S&P/ASX 200 Index not closing below 3750 for three or more consecutive trading days; and
• No additional material capital expenditure or material acquisitions or disposals committed to by ClearView other than as previously announced.

Further details of the Conditions are set out in Section 9.7 of the Bidder's Statement.</td></tr>
</table>

Question	Answer
What happens if I accept the Offer and the Conditions are not satisfied or waived?	If the Conditions are not satisfied or waived at the end of the Offer Period (or in the case of the Condition described in Section 9.7(f) of the Bidder's Statement, within three business days after the end of the Offer Period): • The Offer will lapse; and • If you have accepted the Offer, that acceptance will be void and the consideration payable to you for your Shares will not be paid to you and you will continue to own your Shares. If all of the Conditions are satisfied or waived, you will be paid the Offer Price payable to you for your Shares by CCP BidCo in accordance with the terms of the Offer (refer to Section 9.6 of the Bidder's Statement.)
What are the consequences of accepting the Offer now?	If CCP BidCo has obtained FIRB approval, accepting the Offer would (subject to the availability of any withdrawal rights discussed below): • Prevent you from accepting any superior attractive initiative or proposal that may emerge; and • Prevent you from selling your Shares on the ASX. Until such time as CCP BidCo obtain FIRB approval you may withdraw your acceptance of the Offer. The effect of accepting the Offer is set out in Section 9.5 of the Bidder's Statement. Shareholders should read those provisions in full to understand the effect that acceptance will have on their ability to exercise rights attaching to Shares and the representations and warranties which they make by accepting the Offer.
How can I tell if the Offer has become unconditional?	If the Offer becomes unconditional, CCP BidCo will send an announcement to the ASX, at which point it will commence processing acceptances under the Offer. CCP BidCo is not required to send Shareholders individual notifications relating to when acceptances are processed. You can check for ASX announcements about ClearView on the ASX website (www.asx.com.au) under ASX code CVW.
If I accept the Offer, may I later withdraw my acceptance?	Under the terms and conditions of the Offer, you cannot withdraw your acceptance unless CCP BidCo has not yet obtained FIRB approval or, if CCP BidCo has obtained FIRB approval, a withdrawal right arises under the Corporations Act.
Can CCP BidCo vary the Offer?	Yes. CCP BidCo can vary the Offer by extending the Offer Period, increasing the Offer Price or waiving the Conditions.
What happens if I accept the Offer and a superior initiative or proposal for my Shares is made by someone else?	If the Offer is unconditional, you will be unable to withdraw your acceptance if you accept the Offer. For further information on the consequences of accepting the Offer, refer to Section 9.5 of the Bidder's Statement.
What happens if the Offer Price is increased?	If CCP BidCo increases the Offer Price, the Directors will carefully consider the revised offer and advise you accordingly. If you accept the Offer and the Offer Price is subsequently increased, you will be entitled to receive the increased consideration.

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>Can I be forced to sell my Shares?</td><td>You cannot be forced to sell your Shares unless, during or at the end of the Offer Period, CCP BidCo (and its Associates) have:
• A relevant interest in at least 90% of all Shares; and
• The Offer becomes unconditional, and CCP BidCo proceeds to a compulsory acquisition of your Shares.
CCP BidCo has stated that as at the date of the Bidder's Statement it had not formed any intention as to whether it would exercise its compulsory acquisition rights, should those rights become available (see Section 6.2 the Bidder's Statement).</td></tr>
<tr><td>If I accept the Offer, will I still receive the dividend of 1.8 cents per Share payable on 27 September 2012?</td><td>If you accept the Offer and CCP BidCo acquires your Shares prior to 14 September 2012, you will not be entitled to the FY12 final fully franked dividend of 1.8 cents. It will be paid to CCP BidCo. If CCP BidCo acquires your Shares after that date, you will receive that dividend but the Offer Price paid to you for your Shares will be reduced by the amount of the dividend. Refer to Section 5.1 of this Target's Statement.</td></tr>
<tr><td>What are the tax implications of accepting the Offer?</td><td>A general outline of the tax implications of accepting the Offer is set out in Section 7 of this Target's Statement and Section 7 of the Bidder's Statement.
As the outline in this Target's Statement is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.</td></tr>
<tr><td>How can Shareholders get updates on the price of Shares?</td><td>Updates on the price of the Shares are available on the ASX website at www.asx.com.au under ASX code CVW. If you do not have access to the internet, all major metropolitan newspapers publish regular daily information on share prices.
You can also inquire about ClearView's Share price by contacting a stockbroker.</td></tr>
<tr><td>Is there a phone number I can ring if I have any queries?</td><td>If you have any questions or require assistance, please call the Offer Information Line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8:30am and 5:30pm (AEST).</td></tr>
</table>

3 Profile of ClearView

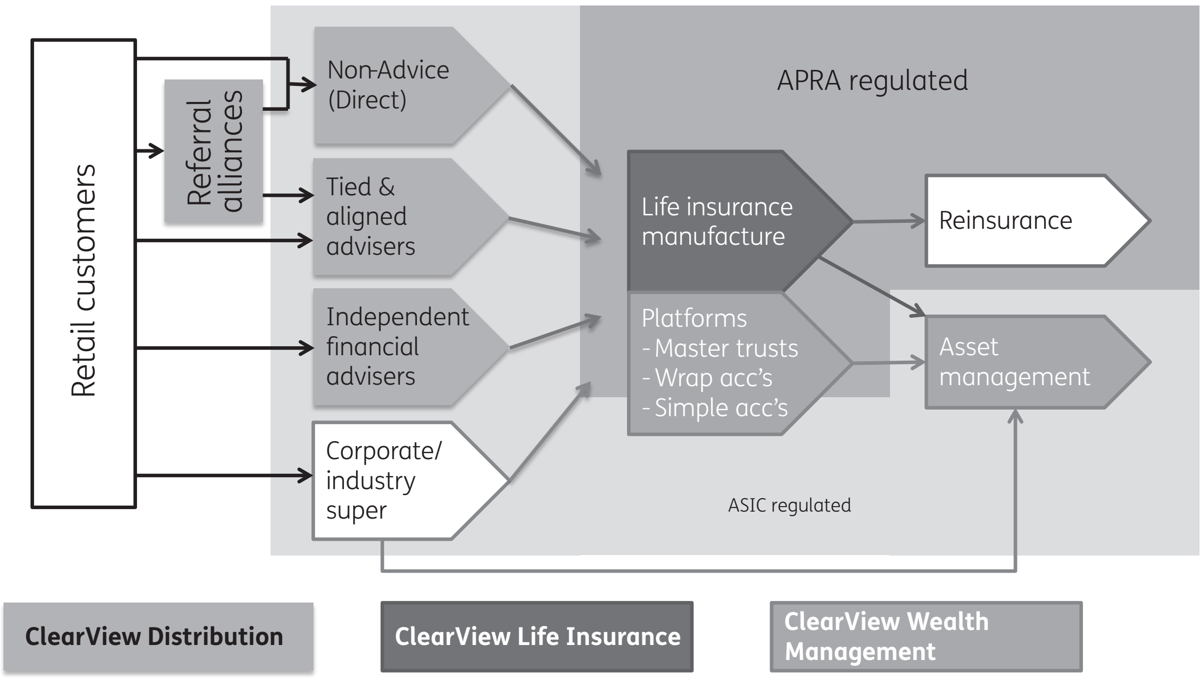
3.1 ClearView Profile

ClearView Wealth Limited (ASX Code: CVW) is an Australian financial services company with businesses that specialise in life insurance, wealth management and financial advice solutions. ClearView has established a multi-channel distribution footprint through its own expanding adviser network and its penetration of the independent financial adviser industry.

The ClearView Group advises on and/or manages approximately $2.9 billion of client assets, has annual in force life insurance premiums of $44.1 million and has 86 financial advisers across Australia.

The markets in which ClearView competes are highly regulated. ClearView holds an APRA life insurance license, an APRA superannuation license, an ASIC fund manager license and an ASIC adviser license. In addition, ClearView Wealth Limited is regulated by APRA as a non-operating holding company under the Life Insurance Act 1995.

ClearView operates three business segments under the ClearView brand: life insurance, wealth management and financial advice. ClearView's three business segments span the entire wealth management value chain and its participation relative to the industry is outlined in the diagram below.



3.1.1 Life insurance

ClearView creates products that compete in both the Advised Life and Non-Advice (Direct) segments of the $10.6 billion[5] Australian life insurance market.

(a) Advised Life Insurance

The Advised Life market segment describes the sale of life insurance products by financial advisers. Life insurance products offered by ClearView include term life, total and permanent disability, critical illness and income protection.

The LifeSolutions suite of products was launched in December 2011 by ClearView to offer market leading features in conjunction with new innovative features and competitive pricing.

ClearView has 86 financial advisers most of whom sell life insurance products (including LifeSolutions). ClearView's life insurance products are also sold across Australia through third party financial advisers who are independent of ClearView (referred to as independent financial advisers or IFAs), with LifeSolutions products already being included on 27 Approved Product Lists which provides access to more than 2,000 independent financial advisers.

[5] Plan for Life 'Life Insurance Risk Premium Inflows and Sales for the year ended 31 March'.

(b) Non-Advice (Direct) Life Insurance

The Non-Advice (Direct) Life market segment encompasses products that are purchased by consumers without using a financial adviser. This can include life insurance products sold through direct marketing, telemarketing, 'over the counter' or online.

The Non-Advice (Direct) market segment accounts for approximately 10% of the life insurance market[6]. Non Advice (Direct) products offered by ClearView include accidental death insurance, injury insurance, life insurance, term life insurace, serious illness insurance and funeral insurance.

ClearView has an exclusive distribution agreement with Bupa Australia, which is Australia's second largest private health insurer, for it to sell as agent for ClearView's Non-Advice (Direct) Life products, which gives ClearView access to over three million of its customers in Australia. ClearView also has distribution agreements with other strategic partners, including eight credit unions and two sports associations.

3.1.2 Wealth management

ClearView's products compete in the Master Trust and Wrap segments of the $433 billion[7] retail wealth management market. These segments account for approximately 50% of the total retail wealth management market. The wealth management market is expected to grow in the long term with mandated superannuation planned to increase from 9% to 12%. A Master Trust is an administrative service that enables customers to hold a portfolio of different investments that the customer selects from the Master Trust menu. A Wrap is similar to a Master Trust, but it allows the customer to hold a broader variety of investments, such as listed shares and term deposits.

ClearView provides wealth management products via three primary avenues:

- Investment products issued by ClearView Life including savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan. This business represents the majority of the existing (in-force) ClearView wealth management business;
- Managed Investment Scheme (MIS) products, including seven new MIS for ClearView's WealthSolutions platform; and
- A Superannuation and Retirement Income Wrap and an Investor Directed Portfolio Service Wrap (which are offered via the WealthSolutions platform).

WealthSolutions was created by ClearView and launched in December 2011. It is a modern Wrap platform targeted to financial advisers. It includes a menu of approximately 250 investment options, ASX listed shares, term deposits, seven ClearView managed funds. It also provides several model portfolios managed by ClearView for superannuation investors.

ClearView's wealth management products are distributed primarily by ClearView financial advisers.

3.1.3 Financial planning

ClearView provides financial advice services through its wholly owned subsidiary ClearView Financial Advice Pty Limited (**CFA**), a dealer group which includes employed financial advisers, franchised financial advisers and a growing number of financial advisers aligned to ClearView (many of whom specialise in life insurance).

On joining the CFA dealer group, these aligned financial advisers have been able to participate in the overall performance of ClearView through share ownership in the company via the ClearView ESP.

The number of ClearView advisers in the CFA dealer group has increased to 86 as at 8 August 2012, representing an increase of 56% since 30 June 2011.

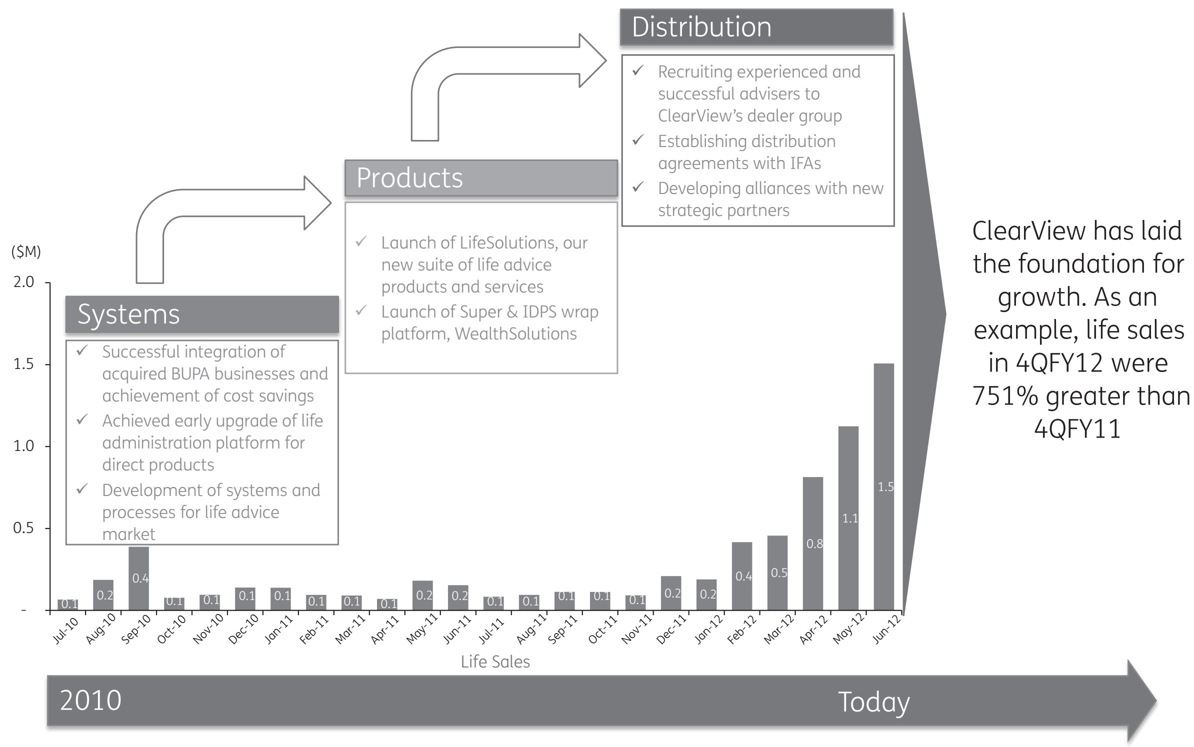
3.2 Transformation

ClearView in its current form was created by the acquisition and successful integration of the life insurance and wealth management businesses acquired from Bupa Australia on 9 June 2010 with the then existing business of MMC Contrarian Limited (**Bupa Acquisition**). On completion of the Bupa Acquisition, the merged business adopted the company name "ClearView Wealth Limited".

ClearView has undergone a significant transformation over the last two years and has laid the foundation for growth with the development of modern and scalable systems, the launch of LifeSolutions and WealthSolutions and the recruitment of experienced and aligned financial advisers and distribution partners.

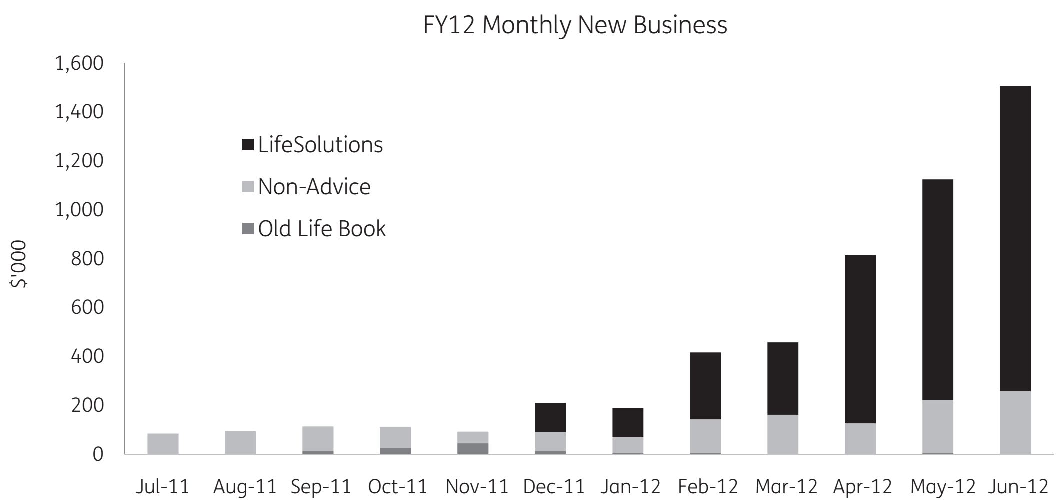
[6] Plan for Life 'Life Insurance Risk Premium Inflows and Sales for the year ended 31 March'.
[7] Plan for Life 'Analysis of Wrap, Platform and Master Trust Managed Funds' at March 2012.

Foundation Laid and Sales Momentum Underway



As an example of the sales growth to date, the following graph illustrates ClearView's monthly life insurance sales since July 2011, and reflects the sales growth following the launch of LifeSolutions in December 2011.

New life insurance premium of $5.2 million was issued in FY12 compared with $1.7 million in FY11, with nearly two thirds of the sales in FY12 completed in the fourth quarter ended 30 June 2012.



In addition, the number of financial advisers licensed by CFA since 31 December 2011 has increased from 57 to 86, representing an increase of 51%.

LifeSolutions was also added to 27 Approved Product Lists providing access to LifeSolutions for over 2,000 financial advisers.

3.3 Strategy and Outlook

3.3.1 Strategy

ClearView is committed to increasing its share of the Australian life insurance and wealth management markets.

In the near term, ClearView is focused on:

- Building on the initial success of LifeSolutions through sales by ClearView financial advisers and by IFAs who are licensed by third party dealer groups.
- Recruiting experienced financial advisers to CFA to sell ClearView life insurance and wealth management products. ClearView is able to offer such advisers the opportunity to participate in the overall performance of ClearView through ownership of Shares through the ClearView ESP.
- Establishing distribution agreements with third parties, including other financial services businesses and IFAs, who are interested in innovative life insurance products and services.
- Building on newly developed telemarketing capabilities with non-advice products that are not sold by financial advisers (such as those sold via Bupa Australia and other strategic partners).
- Refining the WealthSolutions product and services, and increasing sales of WealthSolutions by ClearViews financial advisers.

ClearView is also actively evaluating the potential acquisition of certain third party dealer groups and practices. However, as at the date of this Target's Statement, no binding agreements have been entered into by ClearView.

3.3.2 Outlook

ClearView believes the long term growth outlook for both life insurance and wealth management in Australia is sound.

However, in the short term, the overall wealth management and financial advice industries could face continued pressure from uncertain economic conditions and volatile and depressed investment markets.

ClearView will follow its near term strategic focus of building on the initial sales growth of LifeSolutions, continuing to recruit experienced financial advisers, establishing more distribution agreements with independent financial advisers and strategic partners and refining its WealthSolutions product offering.

3.4 Board and Management

The current directors of ClearView are:

- Ray Kellerman - Independent Non-Executive Chairman;
- Anthony Eisen – Non-Executive Director;
- David Goodsall – Independent Non-Executive Director;
- Anne Keating – Independent Non-Executive Director;
- John Murphy – Non-Executive Director;
- Simon Swanson – Managing Director;
- Susan Thomas – Independent Non-Executive Director; and
- Michael Jefferies – Alternate Director.

The current Key Management Personnel (**KMP**) of ClearView are:

- Simon Swanson – Managing Director;
- Athol Chiert – Chief Financial Officer;
- Clive Levinthal – Head of Product and Underwriting;
- Greg Martin – Chief Actuary and Risk Officer;
- Justin McLaughlin – Chief Investment Officer;
- Barry Odes – Chief Operating Officer; and
- Chris Robson – General Counsel and Company Secretary.

For a detailed biography on each of the Directors, please refer to the Director's Report in the Annual Report released to the ASX on 20 August 2012.

3.5 Financial Information

3.5.1 Financial results

Section 4 of this Target's Statement contains summary information regarding the financial performance and position of ClearView for the financial years ended 30 June 2012 and 30 June 2011.

You should read Section 4 of this Target's Statement to understand the financial position and performance of ClearView for the financial years ended 30 June 2012 and 30 June 2011.

3.5.2 Material changes

Other than as outlined elsewhere in this Target's Statement or below, there are no significant changes in the state of affairs of the Group since 30 June 2012.

3.5.3 Capital management

Each entity in the Group has a benchmark level of capitalisation based on the individual risk characteristics of that entity, any regulatory capital requirements it may be subject to and the entity's risk tolerance.

Surplus capital above ClearView's internal benchmarks as at 30 June 2012 was $66 million across the Group (FY11: $53 million), an increase of $13 million from 30 June 2011. Under APRA Regulations, ClearView Life is required to reserve capital to fund its anticipated new business growth in accordance with its board approved three year business plan. Since financial year end, a three year business plan has been adopted by the Board which reflects strong life insurance sales momentum. As a result, subsequent to financial year end, ClearView has set aside $19 million of the $66 million surplus capital to meet this requirement.

New business growth above the anticipated level would likely absorb increased capital and require increased capital reserving and possibly require additional capital.

ClearView however remains soundly capitalised and well placed to fund this new business growth over the short to medium term. The surplus capital above ClearView's internal benchmarks as at 30 June 2012 is prior to the payment of the FY12 final fully franked dividend of 1.8 cents per Share.

3.5.4 Dividends

The Board's expectation is to pay an annual dividend representing between 20% to 40% of underlying net profit after tax, subject to regulatory requirements and ClearView's capital needs. ClearView's ability to pay a dividend will depend upon factors including profitability, availability of franking credits and its funding requirements which in turn may be affected by trading, general economic conditions, business growth and regulation. Accordingly, no assurances can be given as to the timing, extent and payment of dividends.

On 17 August 2012, the Directors declared a final fully franked dividend of 1.8 cents per Share to be paid on 27 September 2012. This represents a payout ratio of approximately 40% of underlying NPAT in line with the stated dividend policy. The dividend has been kept consistent with the prior year.

As evidenced by our second half sales, ClearView is experiencing strong growth in life insurance sales. As previously outlined to the market, life insurance new business growth is capital intensive. The Board will continue to evaluate the Group's capital position and dividend policy on a regular basis, especially in light of the capital intensity and growth trajectory of its life insurance business.

3.6 Guinness Peat Group

ClearView's largest shareholder is Guinness Peat Group (**GPG**) whose shareholding in ClearView is currently 47.8%. On 11 February 2011, GPG announced that it was undertaking an orderly value realisation of its investment portfolio and would seek to exit individual investments at an appropriate time for each investment which optimises value for GPG shareholders.

On 12 July 2012, GPG announced to ASX that in its opinion the price offered for the Shares by CCP BidCo under the Offer represents a substantial discount to the fair value of ClearView and is wholly inadequate. However, Shareholders should note that GPG has not formally committed to reject the Offer in respect of its holding of Shares.

GPG currently has one Director, Anthony Eisen, and one alternate director, Michael Jefferies, on the Board. As a Director, Mr Eisen has concurred in the recommendation that Shareholders reject the Offer. The recommendation by Mr Eisen is made solely in his capacity as a Director and is not necessarily indicative of or reflects any view held by GPG as a Shareholder.

3.7 Effect of the Offer on Incentive Plans

3.7.1 Summary of ClearView ESP

ClearView operates the ClearView Executive Share Plan (**ClearView ESP**) which is extended to eligible employees. Eligible employees is defined in the ClearView ESP Rules as including employee participants and contractor participants (being aligned financial advisers), but excludes non-executive directors (**Eligible Employees**) of ClearView and its associated bodies corporate.

Under the ClearView ESP Rules, all performance and vesting conditions in relation to Shares held by an Eligible Employee who is an employee participant are deemed to have been satisfied upon a change of control. A change of control is defined under the ClearView ESP as being when an acquirer and its related bodies corporate hold more than 50% of the shares in ClearView.

If the performance and vesting conditions are deemed to have been met, such employee participants are entitled under the ClearView ESP Rules to make a disposal request (as defined in the ClearView ESP Rules) (**Disposal Request**). The holding lock applicable to their Shares will cease to have effect upon the Board (in its absolute discretion) accepting the Disposal Request. ClearView must then dispose of these Shares on behalf of the employee participant in one or more of the following ways (in the discretion of the Board):

- Transfer the Shares to other Eligible Employees under the ClearView ESP;
- Sell to ClearView in accordance with the buy-back provisions in the Corporations Act; or
- Offer or sell to buyers on ASX.

The amount payable by these employee participants to ClearView following such a disposal is the amount outstanding in relation to any financial assistance they received under the ClearView ESP, including accrued interest. The employee participants may retain any surplus proceeds.

The above provisions concerning a change of control apply only to employee participants and do not apply to contractor participants under the ClearView ESP. Under the ClearView ESP Rules, a change of control has no consequence for contractor participants. All performance and vesting conditions and the holding lock remain in place for contractor participants through a change of control of ClearView.

The Managing Director, Simon Swanson, has certain provisions included in his employment contract related to the ClearView ESP. Specifically, he is entitled to a long term incentive comprising 10 million Shares issued in accordance with the ClearView ESP, and vesting progressively over three years from the commencement date of his contract on 26 March 2010. All unvested Shares will be immediately forfeited in accordance with the terms of the ClearView ESP if he terminates his employment (other than because of a breach by ClearView of its obligations or because of a reduction in remuneration or status following a change of control). If Mr Swanson's employment is terminated by ClearView for any other reason, then the Shares in the next unvested tranche will vest automatically and the remaining unvested Shares will be forfeited.

As at the date of this Target's Statement there are 24,000,000 Shares held by employee participants under the ClearView ESP and 11,725,000 Shares held by contractor participants.

3.7.2 Proposed issues of shares under the ClearView ESP

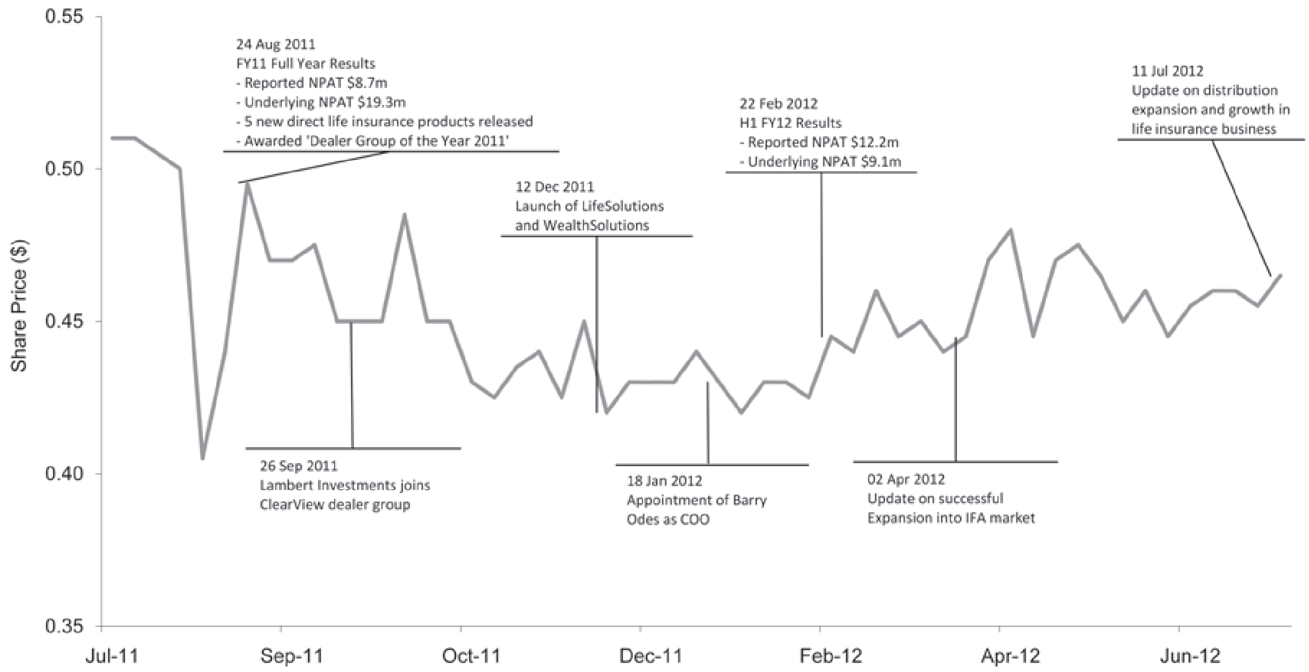
As outlined above, it is part of ClearView's business strategy to expand its financial advice and distribution capabilities by recruiting financial advisers to its dealer group and establishing distribution agreements with third party dealer groups, including IFAs.

As announced to the ASX on 22 February 2012 in the release of ClearView's half year results, ClearView has previously approved the allocation of up to 4% of its share capital to eligible advisers joining the ClearView dealer group. At the time of announcement, this represented a total of 17,617,488 Shares. ClearView has received confirmation from CCP BidCo that it does not object to such Share issues while the Offer is open for acceptance and ClearView has obtained a waiver from ASX Listing Rule 7.9 to issue Shares during the three months following the announcement of the Offer (as previously announced to the market on 3 August 2012).

As at the date of this Target's Statement, 11,725,000 Shares have been issued under the ClearView ESP to aligned advisers that have joined ClearView's dealer group since 1 January 2012, including 4,600,000 Shares issued on 6 August 2012. Accordingly, this leaves a total of 5,892,488 Shares that may still be issued by ClearView within the 4% cap.

3.8 ClearView Share Price History

The following chart highlights the recent Share price movement:



3.9 ClearView's ASX Announcements

ClearView is listed on ASX and is subject to the continuous and periodic disclosure requirements of the ASX and the Corporations Act. Copies of ClearView's announcements and disclosures are available, free of charge, from the ASX website at www.asx.com.au under the ASX code CVW.

4 Financial Statements for 2012 Financial Year

4.1 Financial Information

The financial information in this Section 4 is presented in abbreviated form and does not contain all of the disclosures or statements that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

Shareholders are cautioned not to place undue reliance on the summary financial information contained in this Target's Statement.

Shareholders should refer to ClearView's audited consolidated financial statements for the financial years ended 30 June 2012 and 30 June 2011 for more detailed disclosures, including details of accounting policies. The Annual Report was released to the ASX on 20 August 2012 and is available on the ASX website at www.asx.com.au under the ASX code CVW.

4.2 Disclaimer Regarding Financial Information

The summary financial information contained in this Section 4 is based on the Annual Report, has been approved by the Board and is underpinned by certain assumptions that may involve subjective elements of judgement.

In applying the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The critical judgments that ClearView has made in the process of applying its accounting policies and in the application of Australian Accounting Standards that have a significant effect on the audited financial results and estimates include:

- Life insurance policy liabilities, including the actuarial methods and assumptions and allocation of expenses between acquisition and maintenance;
- Assets arising from reinsurance contracts;
- Recoverability of intangible assets;
- Impairment of goodwill; and
- Deferred tax assets.

The ClearView Annual Report 2012 contains additional information in this regard.

4.3 Statements of Financial Performance

The following table shows the summary consolidated statements of financial performance for ClearView for the financial years ended 30 June 2012 and 30 June 2011.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	CONSOLIDATED		
	2012 $'000	2011 $'000	Change
CONTINUING OPERATIONS			
Revenue from continued operations			
Premium revenue from insurance contracts	40,873	40,303	1%
Outward reinsurance expense	(2,791)	(3,759)	(26%)
Net life insurance premium revenue	38,082	36,544	4%
Fee and other revenue	43,532	45,670	(5%)
Investment income	61,568	53,805	14%
Operating revenue before net fair value gains on financial assets	143,182	136,019	5%
Net fair value (losses) / gains on financial assets	(2,738)	89,123	(103%)
Net operating revenue	140,444	225,142	(38%)
Claims expense	(11,527)	(17,575)	(34%)
Reinsurance recoveries revenue	1,408	3,021	(53%)
Commission expense	(9,938)	(5,430)	83%
Operating expenses	(46,259)	(48,420)	(4%)
Depreciation and amortisation expense	(7,680)	(7,834)	(2%)
Loss from disposal of property, plant and equipment	(453)	-	
Change in life insurance policy liabilities	19,680	563	3396%
Change in reinsurers' share of life insurance liabilities	(199)	(232)	(14%)
Change in life investment policy liabilities	(47,001)	(121,986)	(61%)
Share of profit of associate	-	21	(101%)
Movement in liability of non-controlling interest in controlled unit trusts	(1,529)	(12,612)	(88%)
Profit before income tax expense	36,946	14,658	152%
Income tax expense	14,610	5,993	144%
Total comprehensive income for the year	22,336	8,665	158%
Attributable to:			
Equity holders of the parent	22,336	8,665	158%
Statutory earnings per share			
Basic (cents per Share)	5.46	2.12	158%
Fully Diluted (cents per Share)	5.24	2.10	149%

4.4 Statements of Financial Position

The following table shows the summary consolidated statements of financial position for ClearView as at 30 June 2012 and 30 June 2011.

Statement of Financial Position

AT 30 JUNE 2012

	CONSOLIDATED	
	2012	2011
	$'000	$'000
ASSETS		
Cash and cash equivalents	193,371	185,822
Investments	1,178,840	1,417,658
Receivables	9,591	7,205
Fixed interest deposits	91,991	22,021
Reinsurers' share of life insurance policy liabilities	1,901	2,447
Deferred tax asset	14,418	24,297
Property, plant and equipment	1,776	1,288
Investment in associate	163	163
Goodwill	4,858	4,858
Intangible assets	49,177	51,883
Total assets	1,546,086	1,717,642
LIABILITIES		
Payables	12,656	11,569
Current tax liabilities	544	-
Provisions	2,724	5,070
Provision for deferred consideration	28	686
Life insurance policy liabilities	(83,687)	(62,728)
Life investment policy liabilities	1,219,068	1,367,887
Liability to non-controlling interest in controlled unit trusts	131,064	147,018
Deferred tax liabilities	408	157
Total liabilities	1,282,805	1,469,659
Net assets	263,281	247,983
EQUITY		
Issued capital	276,565	276,565
Retained losses	(15,034)	(29,631)
Reserves	1,750	1,049
Equity attributable to equity holders of the parent	263,281	247,983
Total equity	263,281	247,983

4.5 Key Results for the Financial Year Ended 30 June 2012

The Group has achieved the following results for the year ended 30 June 2012:

- Statutory profit attributable to Shareholders was $22.34 million (FY11: $8.67 million) representing an increase of 158% over the prior comparable period;
- Basic earnings per Share for the full year on a statutory basis of 5.46 cents per Share (FY11: 2.12 cents per Share) representing an increase of 158% over the prior comparable period;
- Fully diluted earnings per Share on a statutory basis of 5.24 cents per Share (FY11: 2.10 cents per Share) representing an increase of 149% over the prior comparable period;
- Underlying net profit after tax of $19.2 million (FY11: $19.3 million) representing a decrease of 0.4% over the prior comparable period;
- Basic underlying earnings per Share for the full year of 4.70 cents per Share (FY11: 4.72 cents per Share) representing a decrease of 0.4% over the prior comparable period; and
- Fully diluted underlying earnings per Share of 4.53 cents per Share (FY11: 4.59 cents per Share) representing a decrease of 1.2% over the prior comparable period.

The increase in statutory profit after tax of 158% reflects the following:

- A significant positive impact of $13.9 million pre-tax from the impact on the life insurance contract liability of the reduction in long term discount rates over the reporting period;
- No restructure, transition and acquisition type related costs (considered unusual to the Group's ordinary activities) being incurred during the current reporting period; and
- The factors impacting underlying profit after tax as reported below.

Underlying net profit after tax is the Board's key measure of profitability and the basis on which dividends are determined. It consists of profit after tax adjusted for amortisation, the effect of changing discount rates on the insurance policy liability and in the prior comparable period, restructure, transition and system upgrade costs considered unusual to the Group's ordinary activities.

Underlying NPAT is broadly in line with the prior year and is reflective of the following:

- Favourable claims experience for the financial year (including an incremental reinsurance profit share);
- The negative impact of investment markets on fee income and net investment flows. Fee income continues to be impacted by global developments and sentiment in the short term. In addition, a general deferral of retirement plans of clients (and related investment into retirement products) has disproportionately impacted ClearView owing to its historic participation in the retiree market. Fee income is likely to remain under pressure in the short term until such time as sentiment and market conditions improve;
- The cost of recent investment in the business (and related increase in the cost base) to develop the Group's range of new products and infrastructure to expand the business;
- The negative impact of life insurance lapses exceeding the rates assumed in the life insurance policy liability (determined at 30 June 2011), albeit with a significant improvement in the second half of the financial year; and
- A higher effective tax rate in the current financial year.

4.6 Net Profit Reconciliation to Underlying NPAT

A reconciliation of ClearView's reported net profit after tax to underlying NPAT for the years ended 30 June 2012 and 30 June 2011 is as follows:

	30 JUNE 2012 $M	30 JUNE 2011 $M	CHANGE FROM PREVIOUS YEAR
Reported Profit	22.3	8.7	158%
Adjusted for:		-	
AIFRS policy liability adjustment	(13.9)	0.6	(2,546%)
Amortisation of intangibles	6.8	7.4	(9%)
Transition and restructure costs	-	3.7	(100%)
Systems upgrade	-	0.6	(100%)
Income tax effect	4.1	(1.7)	341%
Underlying Net Profit after tax	19.2	19.3	(0%)

In reconciling ClearView's reported NPAT to underlying NPAT, Shareholders should note that:

- The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying cash earnings;
- The amortisation of the intangibles is associated with the acquisition of ClearView Group Holdings Pty Limited and CFA (formerly ComCorp Financial Advice Pty Limited) and is separately reported to remove the non cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised intangible software is reported as part of underlying net profit after tax;
- Transition and restructure costs in the prior comparable period predominantly related to the transition of the Bupa Australia Pty Limited (Bupa), IT Infrastructure and the termination and related salary costs associated with the organisational restructure and termination of employees; and
- System upgrade costs in the prior comparable period related to the upgrade to the latest version of the life administration platform acquired as part of the acquisition of the businesses. The extent of the upgrade was such that it was considered as unusual to the ordinary activities of the Group. All subsequent costs incurred on system upgrades are either reported as part of underlying profit or capitalised in accordance with the ClearView capitalisation policy. As outlined above any amortisation associated with the capitalised software is reported as part of underlying profit after tax.

4.7 Balance Sheet

The Balance Sheet of the Group (as set out in Section 4.4 of this Target's Statement) reflects the following key metrics as at 30 June 2012:

- Net Assets of $263.3 million (FY11: $247.9 million) representing an increase of 6.2% over the prior comparable period;
- Net Tangible Assets of $209.2 million (FY11: $191.2 million) representing an increase of 9.4% over the prior comparable period;
- Net Asset Value per Share of 63.7 cents per Share (including the ClearView ESP Loans) (FY11: 60.5 cents per Share) representing an increase of 5.4% over the prior comparable period; and
- Net Tangible Asset Value per Share of 51.5 cents per Share (including the ClearView ESP Loans) (FY11: 47.3 cents per Share) representing an increase of 8.9% over the prior comparable period.

The Net Assets per Share and Net Tangible Assets per Share are reflected above on a fully diluted basis as ClearView ESP Shares have been issued to employee and contractor participants as at 30 June 2012 (in accordance with the ClearView ESP Rules). The ClearView ESP Shares on issue (being 31.1 million ClearView ESP Shares as at 30 June 2012 (20.7 million ClearView ESP Shares as at 30 June 2011)) have a corresponding non-recourse loan from ClearView ($17.4 million as at 30 June 2012 ($12.0 million as at 30 June 2011)), to facilitate the purchase of ClearView ESP Shares by the participants and have been added to the Net Assets and Net Tangible Assets for the purposes of the per Share calculation. The shares and loans are not reflected in the statutory accounts as they are accounted for as an option in accordance with Australian Accounting Standards. If the loan is not repaid, the relevant ClearView ESP Shares are cancelled or reallocated in accordance with the ClearView ESP Rules.

ClearView is in a strong capital position with no debt and $66 million of net tangible assets in excess of the applicable regulatory requirements and its internal benchmarks as at 30 June 2012. Internal benchmarks exceed regulatory requirements. Under APRA Regulations, ClearView Life is required to reserve capital to fund its anticipated new business growth in accordance with its Board approved three year business plan. Since year end, a three year business plan has been adopted by the Board which reflects the strong life insurance sales momentum. As a result, subsequent to year end, ClearView has set aside $19 million of the $66 million to meet this requirement.

New business growth above the anticipated level would likely absorb increased capital and require increased capital reserving, and possibly require additional capital. ClearView however remains soundly capitalised and well placed to fund the anticipated new business growth over the short to medium term.

The surplus capital above ClearView's internal benchmarks as at 30 June 2012 is prior to the payment of the FY12 final fully franked dividend of 1.8 cents per Share and any costs associated with the Offer.

The proposed changes in APRA capital standards (which are to take effect on 1 January 2013) are not expected to have a material impact on the capital position of the Group relative to its position as at 30 June 2012.

4.8 Embedded Value

The value of a life insurance company and wealth manager is in the contracts it has already written and the value of the business it will write in the future. A smaller company (such as ClearView) has much greater potential for growth than a large company with a large market share. Much of ClearView's value lies in the products, systems and distribution to enable that growth. Accordingly, a common measure of the existing business of a life insurance company and wealth manager, known as Embedded Value, significantly undervalues ClearView.

The Embedded Value of the Group reflects the following as at 30 June 2012:

- Embedded Value of $265 million, excluding the potential value of franking credits (FY11: $259 million) representing an increase of 6% over the prior comparable period (when the payment of the FY11 fully franked dividend of $7.7 million is excluded);
- Embedded Value per Share, excluding the potential value of franking credits, of 64.2 cents per Share (including the ClearView ESP Loans) (FY11: 63.0 cents per Share).

The Embedded Value represents the discounted value of the future net of tax cash flows anticipated to arise from the in force life policies and investment client balances as at the valuation date. It is determined as the sum of:

- The present value of future after tax profits and capital releases expected to emerge from the in force business of the Group, valued at appropriate risk-adjusted discount rates (the "value of the in force"), plus
- The value of the net tangible assets of the Group not included (because not required) to support the regulatory and economic capital requirements of the in force business (the "net worth").

While the Embedded Value is determined in the context of the Group's business as a going concern, it does not include any additional value in respect of future new business that may be written after the valuation date. It also ignores the Group's listed overhead costs (primarily costs associated with being listed on the ASX and the remuneration of Directors) and excludes any short term development and growth related costs. The Embedded Value uses assumptions related to the future experience.

The movement in the Embedded Value between 30 June 2011 to 30 June 2012 is as a result of:

- The anticipated emergence of the net cash flows over the year;
- Payment of the final dividend for the financial year ended 30 June 2011;
- The claims, client discontinuance and expense rate experience relative to expectations;
- The material costs incurred in developing the business, its infrastructure and new products over the year;
- The value added by new business written over the year;
- The investment returns (net interest) earned on the net tangible assets over the year in the current environment;
- The utilisation of the carried forward revenue tax losses;

- The net investment performance on the funds under management and advice over the year that resulted in lower fee income relative to expectations over the year and lower fee income outlook as at 30 June 2012; and
- Changes made to the assumptions about the future cash flows assessed.

No change has been made in the risk adjusted discount rates applied to the underlying after tax cash flows for consistency with prior reporting periods, notwithstanding a reduction in long term market discount rates over the year.

The Embedded Value calculations per Share are reflected above on a fully diluted basis as the ClearView ESP Shares have been issued to employees and contractor participants as at 30 June 2012 (in accordance with the ClearView ESP Rules). This is consistent with the treatment of the ClearView ESP Shares in Section 4.7 of this Target's Statement.

5 Key Features of the Offer

5.1 The Offer

On 12 July 2012, CCP BidCo announced its intention to make the Offer, being an offer to Shareholders to acquire all of their Shares.

The consideration being offered to you under the Offer is $0.50 cash for each Share you hold. Any Rights attaching to the Shares will be acquired by CCP BidCo under the Offer. If you still hold your Shares on 14 September 2012, you will be entitled to receive the fully franked dividend of 1.8 cents per Share payable on 27 September 2012 and the Offer Price will be reduced accordingly.

You may accept the Offer for all or part of your Shares.

Further details regarding the terms and conditions of the Offer are set out in Section 9 of the Bidder's Statement.

5.2 Offer Period

The Offer Period commenced on 6 August 2012 and ends at 7:00pm (AEST) on 7 September 2012, subject to any extension in accordance with the Corporations Act.

5.3 Your Choices

As a Shareholder, you have the following choices in respect of all or part of your Shares:

- **REJECT THE OFFER** made by CCP BidCo, in which case you do not need to take any action;
- **Accept the Offer** for all or some of your Shares; or
- **Sell all or part** of your Shares on the ASX.

The Directors (other than John Murphy) unanimously recommend that you **REJECT THE OFFER** made by CCP BidCo.

To **REJECT THE OFFER, TAKE NO ACTION**.

5.4 Conditions of the Offer

The Offer is subject to the following Conditions:

- The Minimum Acceptance Condition;
- No ClearView securities being on issue other than the Shares;
- CCP BidCo obtaining any required regulatory approvals (including APRA and FIRB approval);
- No regulatory action which would prohibit the Offer from proceeding;
- No material adverse change occurring in relation to the ClearView Group (taken as a whole);
- No prescribed occurrences;
- The S&P/ASX 200 Index not closing below 3750 for three or more consecutive trading days; and
- No additional material capital expenditure or material acquisitions or disposals committed to by ClearView other than as previously announced.

Details of the Conditions are set out in Section 9.7 of the Bidder's Statement.

5.5 Consequences of the Conditions Not Being Satisfied

There is a risk that the Conditions may not be satisfied or waived. You should be aware that, even if certain Conditions are not satisfied or triggered (as appropriate), they may be waived by CCP BidCo (other than certain regulatory approval conditions). If any Condition is unsatisfied or has not been triggered and has not been waived by the end of the Offer Period (or in the case of the Condition described in clause 9.7(f) of the Bidder's Statement within three business days after the end of the Offer Period), CCP BidCo can decide whether or not to proceed with the acquisition of Shares under the Offer or to allow the Offer to lapse as a result of the unsatisfied Condition.

5.6 Status of Conditions

CCP BidCo is required to give notice on the status of the conditions by no later than seven days prior to the end of the Offer Period. Specifically, CCP BidCo is required to give notice:

- Whether the Offer is free of the Conditions;
- Whether, so far as CCP BidCo knows, the Conditions have been satisfied or waived; and
- CCP BidCo's voting power in ClearView.

If the Offer Period is extended before the time by which notice on the status of the conditions is given, the date that CCP BidCo must give that notice will be taken to be postponed for the same period. In the event of such an extension, CCP BidCo is required, as soon as reasonably practicable after the extension, to give notice to the ASX and ClearView that states the new date for giving notice on the status of the conditions.

In addition, if the Conditions are satisfied or waived during the Offer Period but before the date on which notice of the status of the conditions is required to be given, CCP BidCo must, as soon as practicable, give the ASX and ClearView a notice which states that the Conditions have been fulfilled.

5.7 Withdrawal of the Offer

The effect of withdrawal of the Offer is set out in Section 9.11 of the Bidder's Statement.

The Offer may only be withdrawn with the consent in writing of ASIC. The consent may be subject to conditions. If ASIC gives such consent, CCP BidCo will give notice to the ASX and ClearView and will comply with any other conditions imposed by ASIC.

If CCP BidCo withdraws the Offer and the Offer has been made free of the Conditions, all contracts arising from acceptance of the Offer before it was withdrawn remain enforceable.

If CCP BidCo withdraws the Offer and the Offer has not become unconditional by the end of the Offer Period, the Offer will fail and all contracts resulting from its acceptance will automatically be void.

5.8 Lapse of the Offer

The Offer will lapse if the Conditions are not satisfied and have not been waived. If this occurs then any contracts resulting from acceptance of the Offer by Shareholders will become void. If the Offer lapses, then Shareholders who have accepted the Offer will continue to own the Shares the subject of any such acceptances and will be free to deal with them as they choose.

5.9 Effect of Acceptance of the Offer

The effect of acceptance of the Offer is set out in Section 9.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance of the Offer will have on your ability to exercise the Rights attaching to your Shares and the representations and warranties you give by accepting the Offer.

By accepting the Offer, and if the Offer becomes unconditional, you will receive the Offer Price of $0.50 per Share on or before the earlier of:

- One month after the date of your acceptance or, if the Offer is subject to a Condition at the time you accept the Offer, within one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

Your ability to deal with and exercise Rights attaching to those Shares in respect of which you have accepted the Offer will be affected. Specifically, subject to the withdrawal rights discussed below, you are:

- Prevented from accepting any higher takeover bid that may be made by a third party or any alternative initiative or proposal that may be recommended by the Directors; and
- Prevented from selling your Shares on the ASX.

5.10 Withdrawal of your Acceptance of the Offer

If you accept the Offer, you will have limited rights to withdraw your acceptance of the Offer.

Unless CCP BidCo has not at that time already obtained FIRB approval or, if CCP BidCo has obtained FIRB approval, a withdrawal right arises under the Corporations Act you may only withdraw your acceptance of the Offer if the Offer is varied by CCP BidCo in a way that postpones for more than one month the time when CCP BidCo is required to meet its obligations under the Offer (for example, if the Offer Period is extended by more than one month at a time when the Offer is still subject to a Condition).

5.11 Extension of the Offer Period

CCP BidCo may extend the Offer Period at any time. However, if the Offer is still subject to a Condition, then CCP BidCo can only do so by giving notice of the status of the conditions (which it is currently scheduled to do on 31 August 2012) but which date may be deferred if the Offer Period is extended). In addition, if the Offer is unconditional (that is, the Conditions have been satisfied or are waived), CCP BidCo may extend the Offer Period at any time before the end of the Offer Period.

There will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, CCP BidCo improves the consideration under the Offer. If CCP BidCo improves the Offer Price within the last seven days of the Offer Period, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

The Offer Price that CCP BidCo has offered will only become payable to you if the Offer becomes unconditional. The Conditions are set out in Section 9.7 of the Bidder's Statement.

5.12 Improvement in the Offer Price

If CCP BidCo improves the consideration offered under the Offer, all Shareholders (whether or not they have accepted the Offer before that occurs) will be entitled to the benefit of the increased Offer Price. However, this improvement in Offer Price would not be available to Shareholders who have already sold their Shares on the market.

5.13 Compulsory Acquisition

CCP BidCo may compulsorily acquire all remaining Shares under Part 6A.1 of the Corporations Act if, during or at the end of the Offer Period, CCP BidCo (and its Associates) have a relevant interest in at least 90% of the Shares.

CCP BidCo has stated in Section 6.2 of the Bidder's Statement that as at the date of the Bidder's Statement it had not formed an intention as to whether it would exercise any right to compulsorily acquire the remaining Shares if it becomes entitled to do so.

In the event that CCP BidCo elect to exercise any rights it may have to compulsorily acquire Shares, Shareholders have statutory rights to challenge compulsory acquisition. However, if CCP BidCo establishes to the satisfaction of a court that the consideration being offered for the securities represents fair value, the court must approve the compulsory acquisition on those terms.

Under the compulsory acquisition process, remaining Shareholders will receive the same consideration for each Share as those who validly accepted the Offer. However, the receipt of consideration for those Shares of remaining Shareholders may be significantly delayed compared with those Shareholders who accept the Offer.

6 Key Risks

6.1 Introduction

There are a number of risk factors, both specific to ClearView and of a general nature, which may affect the future results of operations, financial performance and business of ClearView, its investment returns and the value of Shares while you remain a Shareholder. Many of the circumstances giving rise to these risks are beyond the control of ClearView.

This Section describes certain specific areas that are believed to be the key risks associated with an investment in ClearView, and should therefore be considered before deciding to reject the Offer. Each of the risks described below could, if they eventuate, have a material adverse effect on ClearView's business, results of operations and financial performance.

You should note that the risks described in this Section are not an exhaustive list of the risks faced by an investor in ClearView and should be considered in conjunction with all other information disclosed in this Target's Statement and the Independent Expert's Report. Additional risks that ClearView is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect ClearView's business, results of operations and financial performance.

6.2 Risks Specific to ClearView

6.2.1 Asset related risks

The primary asset related risks borne by ClearView relate to the financial assets of ClearView and its operating Subsidiaries excluding those in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 (referred to as ClearView assets). The primary financial risks related to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders. The financial assets of ClearView may be affected by changes in interest rates, foreign exchange rates, market conditions and equity prices. The key ClearView asset related risks are as follows:

(a) Credit risks on counterparties

Credit risk arises from ClearView's investment activities and the potential for loss arising from the failure of counterparties to meet their contractual obligations, and any change in value as a result of changes in counterparties' credit ratings. ClearView holds provisions to cover expected write downs of investment assets. The amount of these provisions is determined by assessing, based on current information, the extent of credit risk within the current investment portfolio. However, if the information upon which the assessment of risk is based proves to be inaccurate, the provisions made for investment losses may be insufficient, which could have a material effect on the results and operations of ClearView.

For additional information regarding reinsurance counterparty risk see paragraph 6.2.2(b).

(b) Asset and investment liquidity risk

Liquidity risk can affect ClearView's ability to operate and pay claims, as well as affect the financial products provided by ClearView. A failure to be able to realise investments may result in ClearView failing to meet obligations under financial products offered, may result in compliance breaches and could damage the reputation of ClearView. More broadly, liquidity risk may affect the cash flow position of ClearView, making it difficult for ClearView to meet its liabilities as and when they fall due.

(c) Asset concentration risk

Asset concentration risk arises when ClearView has significant exposure to a single investment. To the extent that there is a deterioration in performance of those investments or those investments bear increased risk, the profitability of ClearView may be materially impacted. ClearView has significant current exposures to the major Australian banks via term and cash deposits with those banks.

(d) Investment performance risk (client funds)

While financial risks related to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders, ClearView has secondary exposures to these policyholder assets as well as ClearView's clients' investments in its wealth management superannuation and non-superannuation products and CFA's financial advisers' clients' investments via the impact on the fees charged by ClearView which vary with the level of policyholder and client funds under management and administration, as well as related reputational exposure.

(e) Asset liability mismatch risk

The assets held by ClearView to back its liabilities (especially its policy liabilities and guaranteed investment contract liabilities) may not closely match the nature and term of those liabilities. To the extent that there is a significant duration mismatch between the term of the assets and the liabilities, changes in market interest rates may impact ClearView's financial performance and position in the short term and potentially longer term. The movement in other asset prices (e.g. equities) that affect the value of the assets but not the liabilities may have similar short and long term impacts.

6.2.2 Product insurance and liability risk

A number of risks arise in respect of the pricing and performance of ClearView's products.

(a) Insurance claims risk

Adverse insurance claims experience relative to product pricing could arise from a number of sources including random (statistical) claims variations, community trends (e.g. obesity), pandemic or similar events, a catastrophe affecting a number of ClearView insured lives, poor underwriting or acceptance terms, poor claims management practice or ability or defective policy benefit terms.

(b) Reinsurance risk

ClearView has entered into reinsurance arrangements which reduce the insurance risks. However, a lack of appropriate reinsurance cover or historical errors leading to current reinsurance arrangements becoming ineffective may have a material adverse effect on ClearView. The availability, amount and cost of reinsurance can be affected by prevailing market conditions, in terms of price and available capacity. There are also risks associated with the financial security of its reinsurers and that reinsurers dispute or default on their obligation to pay valid claims.

(c) Competition

The financial services and life insurance industries in Australia, in which ClearView operates, are becoming increasingly competitive. Factors contributing to this include mergers, changes in customers' needs and preferences, entry of new participants, development of distribution methods and increased diversification of product mix by major competitors. ClearView may lose business to its competitors if it is unable to demonstrate technical expertise, competitive pricing and reliable performance to customers.

(d) Customer discontinuance and lapse

The loss of customers at rates higher than anticipated (in pricing, policy liabilities and Embedded Value calculations), leads to a loss of future revenues, immediate loss of Embedded Value and the write off of the asset components within the policy liability (resulting in reported losses).

6.2.3 Strategic position and capability

ClearView is exposed to risks in its competitive environment, the volume of business it can write and fees it can generate, and its ability to manage and react to these challenges.

(a) Reliance on senior management and key personnel

The operating and financial performance of ClearView is dependent on its ability to retain senior management and key personnel to manage the business and respond to its changing environment. ClearView's continued ability to compete effectively depends on the capacity of ClearView to retain and motivate these existing employees as well as attract new employees. The loss of key personnel could cause material disruption to ClearView's activities and operations in the short to medium term.

(b) Reliance on financial advisers and distribution

ClearView's advice based life insurance and wealth management businesses are reliant on retaining existing business and generating new business. ClearView does this through retaining existing and acquiring new CFA financial advisers and by having its products retained on existing IFA Approved Product Lists and being placed on new Approved Product Lists.

Failure to retain and motivate CFA financial advisers would be likely to have a material adverse effect on future earnings and the value of ClearView's business. Failure to retain ClearView products on Approved Product Lists would be likely to have a material adverse effect on future earnings and the value of ClearView's business.

Production of non-advice (direct) life insurance sales depends on maintaining sound business relationships with existing strategic and other distribution partners and establishing new strategic partners in future.

(c) Demand for financial products and services

Demand for ClearView's financial products and services is impacted by changes in external investment markets and economic conditions.

For example, weak equity markets can discourage customers from investing as well as increase outflows. Demand for ClearView's investment products and services is also impacted by ClearView's investment performance relative to the investment performance of its competitors.

Insurance product demand can be impacted by cost pressures on households, economic uncertainty (although often favourably) and changing population demographics.

6.2.4 Operational and legal risk

(a) General operational risks

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which impact on ClearView's operations. ClearView is exposed to operational risks arising from process error, fraud, system failure and failure of security and physical protection systems. Operational risk has the potential to have a material adverse effect on ClearView's financial performance and position as well as reputation. ClearView will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however certain residual risks will remain.

(b) Reliance on technology, systems and outsourcing

The ability of ClearView to conduct its operations is heavily reliant upon the capacity and reliability of its information technology infrastructure and systems, as well as the support of certain key outsource providers.

A significant or sustained failure in these systems or by an outsource provider could have a material adverse effect on ClearView's operations in the short term, which in turn could undermine longer term confidence in ClearView.

A deterioration in global economic conditions may also affect the financial position and consequent performance by contractual counterparties of ClearView. ClearView could be adversely affected by changes in the business or financial condition of one or more of a significant supplier, a joint venture partner or a significant customer.

(c) Risk of litigation

ClearView is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Litigation risks relating to ClearView include, but are not limited to, contractual claims, customer claims, employee claims, shareholder claims and regulatory disputes. There is a risk that material or costly disputes could arise which may have a material adverse effect on the financial performance and position of ClearView.

6.2.5 Regulatory compliance and reliance on licences

In order to provide financial products and services in Australia an AFSL is required and AFSL licensees are regulated by ASIC. CFA, CLN, CFML and ClearView Life are AFSL holders, which requires (amongst other things) each to have available adequate resources (including financial, technological and human resources) to provide the financial services covered by the licences. If any of the ClearView entities fail to comply with the general obligations of financial services licensees or the specific conditions of its licence, this could result in the suspension or cancellation of the licence which enables it to operate its business. Breach or loss of one or more licences would have a material adverse effect on ClearView's business and financial performance.

CLN holds a Registrable Superannuation Entity (**RSE**) licence from APRA. ClearView Life is a regulated life insurance company under the Life Insurance Act and ClearView is a non-operating holding company under the Life Insurance Act. If CLN or ClearView Life fail to comply with the superannuation and life insurance regulatory requirements relevant to their authorisations by APRA, this could result in the suspension or cancellation of the authorisation which enables each entity to operate its business. Loss of the life insurance or superannuation authorisations referred to above would have a material adverse effect on ClearView's business and financial performance.

Regulatory compliance has been an area of much focus recently throughout the Australian financial services industry. Some of the key consequences of this focus have been increased levels of monitoring by regulators, new licensing requirements and increasing industry awareness around risk management practices. From time to time compliance issues may arise in the operation of ClearView. Such issues could arise in the future, in respect of previous or future conduct and result in substantial fines or orders for compensation. Such issues could also cause increased costs and management time to rectify, reputation loss and, in extreme circumstances, loss of licences.

6.2.6 Capital management and reserving

ClearView Life is subject to minimum regulatory capital requirements, as determined by the Appointed Actuary in accordance with the APRA Life Insurance Prudential Standards, in respect of the principal financial risk exposures retained by ClearView Life. CFML and CFA are also required to maintain minimum regulatory capital as required by ASIC. ClearView Life and CLN rely on the APRA exclusions under their respective AFSLs. Although ClearView maintains additional capital reserves, any failure to comply with these capital requirements could have a material adverse impact on ClearView's regulatory status and reputation, and as a consequence its business and financial performance.

6.2.7 Changes in government policy and legislation

It is possible that future regulatory changes may restrict the commission fee model for financial advisers, which may adversely impact the financial advice business of ClearView. Further, a greater degree of regulatory uncertainty around the financial advice industry in general may change valuation metrics for financial advice businesses, which in turn could adversely affect the value of an investment in ClearView.

6.3 Risks Relating to the Outcome of the Offer

6.3.1 Liquidity risk

If CCP BidCo acquires some but not all of the Shares under the Offer, the number of Shares traded on the ASX could be significantly reduced. In addition, under item 9 of Section 611 of the Corporations Act, CCP BidCo is entitled to acquire up to an additional 3% interest in ClearView every six months without needing to make a further takeover offer. In light of these factors, Shareholders who do not accept the Offer run the risk of being minority Shareholders in a company with reduced share trading liquidity. This may result in downward pressure on the trading prices of Shares and make it more difficult for Shareholders to sell their Shares.

6.3.2 Delisting of ClearView

If the number of Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then ClearView or the ASX may seek to have ClearView removed from the official list of the ASX. If this occurs, Shares will not be able to be bought or sold on the ASX, thereby eroding liquidity of the Shares.

6.3.3 Compulsory acquisition

While Shareholders do not have to accept the Offer, the CCP BidCo Group has the ability under the Corporations Act to compulsorily acquire all remaining Shares if it achieves at least 90% ownership of ClearView at the end of the Offer Period. Accordingly, it is possible that Shares may be compulsorily acquired under the Offer and Shareholders will be forced to receive consideration under the Offer. Further, in addition to possible compulsory acquisition in connection with the Offer, if the CCP BidCo Group increases the number of Shares in which it has a beneficial interest or voting power to at least 90%, it can seek to acquire the remaining Shares under Part 6A.2 of the Corporations Act.

6.4 General Risks

6.4.1 General market risks

The Shares are listed on the ASX and are subject to price fluctuations which can be significant and can substantially change the value of your investment. Some of the risks affecting the market value of the investment on the ASX are:

- Australian and international economic conditions and outlook, including inflation, interest rates and foreign exchange rates;
- Global equity, debt and capital markets conditions;
- Changes to Australian and international monetary and fiscal policies; and
- General operational and business risks.

As a listed investment on the ASX, the market value of ClearView may be adversely impacted by the volume of Shares being bought or sold at any point in time and if buyers are scarce, this may impact the price at which an investor may be able to sell their Shares.

6.4.2 Economic risks

The activities of ClearView are subject to a number of risks and other factors that may impact on its future performance. Many of these risks are outside the control of ClearView and cannot be mitigated. There can be no guarantee that ClearView will achieve its stated objectives or that any forward looking statements will eventuate. ClearView does not give any form of guarantee of future dividends, return of capital or the price at which ClearView might trade in the future on the ASX.

6.4.3 Tax risks

Future changes in taxation law in Australia, including changes in interpretation or application of the law by Courts and taxation authorities in Australia, may affect tax treatment of an investment in Shares, or holding or disposal of those Shares. Further changes in taxation law, or the way in which ClearView operates, may impact significantly on ClearView's future tax liabilities.

6.4.4 Projections/guidance

Forward looking statements, opinions, estimates and projections are dependent on various factors, many of which are outside of the control of ClearView. There is a risk that assumptions and contingencies upon which forward statements, opinions, estimates and projections are based, and hence any guidance provided, may differ from what may actually result. This could impact upon any investment returns projected in this Target's Statement.

7 Tax Considerations

7.1 Introduction

The following is a general outline of the Australian tax consequences that may apply for certain Shareholders who dispose of their Shares by accepting the Offer.

It does not take into account the specific circumstances of any particular Shareholder. Accordingly, Shareholders should not rely on this general outline in deciding whether or not to accept the Offer. Shareholders should consult their own independent tax adviser regarding the tax consequences of accepting the Offer to take into account their particular circumstances.

This outline reflects the Australian tax law and practice as at the date of this Target's Statement. This general outline does not take into account or anticipate changes in the law after the date of this Target's Statement, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

This general outline does not apply to all Shareholders. For example, it does not apply to Shareholders that:

- Hold their Shares on revenue account (for example, as trading stock in the course of carrying on a business or for the purposes of re-sale at a profit);
- Are exempt from Australian tax;
- Are subject to the application of the taxation of financial arrangements rules included in Division 230 of the Tax Law;
- Acquired their Shares under an employee share or option scheme (including the ClearView ESP) or otherwise acquired their Shares in respect of employment or services provided by them;
- Obtained rollover relief in connection with acquiring their Shares;
- Acquired their Shares by exercising an option;
- Hold, or have held, their Shares through a permanent establishment outside their country of tax residence;
- Are, or have been, temporary residents of Australia for the purposes of the Tax Law;
- Have not been resident in the same country for tax purposes throughout the period they have owned their Shares; or
- Have their Shares compulsorily acquired under Part 6A.1 of the Corporations Act.

If a Shareholder is a trustee, this outline also does not consider the tax consequences for the underlying beneficiaries.

Shareholders should consult their own independent tax advisers regarding the tax consequences of accepting the Offer to take into account their particular circumstances.

The tax consequences for a Shareholder disposing of their Shares may depend, in part, upon whether they are an individual or an entity (e.g. a company, the trustee of a trust or a complying superannuation fund). Unless otherwise indicated, this outline applies to Shareholders who are individuals.

Shareholders that are not residents of Australia for the purposes of the Tax Law should seek their own independent professional advice regarding the tax consequences under the laws of their country of residence, as well as under Australian law, in relation to the Offer.

7.2 Capital Gain or Loss on Disposal

Outlined below is a guide to calculating the capital gain or capital loss on the disposal of Shares by accepting the Offer. Foreign Shareholders should refer to the Section entitled "Foreign Shareholders".

Guide for calculating the capital gain or loss on the disposal of Shares	
CGT event	The disposal of a Share by a Shareholder by accepting the Offer will give rise to a CGT event. The time of the CGT event should be the later of the time: • The FIRB Condition is fulfilled; or • The Shareholder accepts the Offer.
Capital gain	If the capital proceeds received by a Shareholder from the disposal of a Share exceeds the Share's cost base, a capital gain may arise.
Capital loss	If the capital proceeds received by a Shareholder from the disposal of a Share is less than the Share's reduced cost base, a capital loss may arise. A capital loss may be used to offset a capital gain made in the same income year, and a net capital loss (see section below entitled "Amounts" included in assessable income) may be carried forward to offset future capital gains. However, a net capital loss cannot be used to reduce the other assessable income of a Shareholder.
Capital proceeds	The capital proceeds for a Share should equal the Offer Price.
Cost base or reduced cost base	The cost base of a Shareholder's Shares should generally be the cost of acquisition plus any incidental costs of acquisition and disposal (e.g. brokerage and stamp duty, and certain other costs such as professional advisers' fees, to the extent not otherwise deductible). Certain amounts are excluded from, or may reduce, the "reduced cost base" for the purposes of calculating a capital loss.
Amounts included in assessable income	Capital gains and capital losses of a taxpayer from all sources are aggregated each income year, together with any unapplied net capital loss from prior years, to determine if the taxpayer made a net capital gain or a net capital loss. Any net capital gain for the income year is included in assessable income. Net capital losses may not be deducted against other assessable income for income tax purposes, but may be carried forward to offset against capital gains derived in future income years. Specific loss rules apply to Shareholders that are companies and trusts. These rules may, among other things, limit the ability to offset or obtain capital losses in a current or future income year. These loss rules are complex. Companies and trustees should seek their own independent professional advice as to how these rules apply to them and their beneficiaries, having regard to their own particular circumstances.
CGT discount	The CGT discount may apply to a Shareholder's net capital gain. A Shareholder may be eligible to apply the CGT discount to their net capital gain to the extent that, broadly speaking: • The net capital (after first off setting any available capital losses) includes a capital gain from the disposal of a Share they acquired (for the purposes of the Tax Law) at least 12 months (excluding the date of acquisition and the date of the CGT event) prior to the time of the CGT event (for the purposes of the Tax Law); and • They are an individual, a trust, or a complying superannuation entity. Broadly, individuals and trusts may be entitled to a CGT discount of 50% (i.e. only 50% of their net capital gain may be included in assessable income) while complying superannuation entities may be entitled to a CGT discount of 33%. The CGT discount is not available to a company.

Guide for calculating the capital gain or loss on the disposal of Shares	
Foreign Shareholders	Foreign Shareholders may disregard the whole of the capital gain or capital loss they make on the disposal of their Shares if, broadly speaking: • They are not a resident of Australia for the purposes of the Tax Law and have not at any time used the Shares in carrying on business through an Australian permanent establishment; • They (together with any associates for the purposes of the Tax Law) do not hold 10% or more of the Shares in ClearView at the time they dispose (for the purposes of Tax Law) of their Shares, and have not held 10% or more of the Shares in ClearView throughout a 12 month period during the 24 months preceding the disposal of their Shares. Foreign Shareholders that have held 10% or more of the Shares in ClearView, either alone or together with their associates (for the purposes of the Tax Law), should obtain specific advice on the application of the Australian CGT rules to any gain or loss that arises on disposal. Foreign Shareholders should also obtain specific advice on the application of the laws of their country of residence and any Double Tax Treaty between their country of residence and Australia in determining the tax consequences of the disposal of their Shares.

7.3 Stamp Duty

No stamp duty will be payable by any Shareholder on the disposal of their Shares to CCP BidCo. CCP BidCo, as the transferee/acquirer of those Shares, will be liable for any stamp duty that is payable in respect of the Offer.

7.4 GST

A Shareholder will not be liable to pay GST on the consideration received in respect of a disposal of their Shares.

Shareholders should seek their own advice to determine whether any GST incurred on costs in relation to the sale of their Shares is recoverable in the form of input tax credits (or reduced input tax credits).

8 Information on the Directors

8.1 Interests and Dealings in Shares

8.1.1 Interests in Shares

The following table sets out each Director's relevant interest in Shares as at the date of this Target's Statement:

Director	No. of Shares
Mr Ray Kellerman	300,000
Mr Simon Swanson	12,000,000
Mr Anthony Eisen	Nil[1]
Mr John Murphy	5,606,766[2]
Mr David Goodsall	100,000
Ms Anne Keating	Nil
Ms Susan Thomas	1,527,035
Mr Mike Jefferies	Nil[1]

[1] Anthony Eisen and Michael Jefferies represent the interests of GPG, which holds 210,699,272 Shares.

[2] John Murphy is a director of Investec Bank Australia Limited (Investec), which is an associate of CCP BidCo. Refer to the Bidder's Statement for more information about Investec's interests in Shares.

8.1.2 Dealings in Shares

No Director has acquired or disposed of a relevant interest in any Shares in the four month period ended on the date immediately before the date of this Target's Statement.

8.2 Interests and Dealings in CCP BidCo's Securities

No Director has a relevant interest in any securities in CCP BidCo or any of its Associates (other than John Murphy), nor has any Director acquired or disposed of a relevant interest in any securities in CCP BidCo or any of its Associates in the four month period ended on the date immediately before the date of this Target's Statement.

8.3 Benefits and Agreements

8.3.1 Agreements connected with or conditional on the Offer

Other than as set out below or elsewhere in this Target's Statement, there are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer.

The Board intends to implement retention arrangements with the senior executive team in order to assist in providing continuity of management for the benefit of a potential new controller of ClearView, and to align the amount of the benefits that might be paid to executives with the benefits that would be received by all Shareholders under a successful transaction. The retention arrangements will be payable only if there is a change of control of ClearView and provided that the individual does not voluntarily resign within six months from the date of announcement of the Offer.

The amount of the benefit is on a sliding scale depending on the ultimate price payable to Shareholders under the Offer or an alternative change of control transaction. In the case of the Managing Director, Mr Swanson, the range of benefits (if the eligibility criteria are met) would be from $141,000 (at the current $0.50 Offer Price) up to a maximum of $300,000. The balance of the senior executive team may receive benefits (if the eligibility criteria are met) in a range from approximately $780,000 to $1,500,000 in aggregate.

8.3.2 Benefits from CCP BidCo

None of the Directors has agreed to receive, or is entitled to receive, any benefit from CCP BidCo or any of its Associates, or has any interest in any contract entered into by CCP BidCo, which is conditional on, or is related to, the Offer.

9 Additional Information

9.1 Capital Structure

As at the date of this Target's Statement, there are 445,037,192 Shares on issue.

9.2 Substantial Shareholders

As at the date of this Target's Statement, the following persons have notified ClearView that they hold a substantial holding in Shares:

Name	Number of Shares	Percentage of Issued Shares
Guinness Peat Group plc	210,699,272	47.84%
CCP BidCo and its Associates[1]	54,221,364	12.31%
Investec Wentworth Private Equity	31,750,592	7.21%
Paradice Investment Management Pty Ltd	27,178.246	6.17%

[1] Associates includes Investec Wentworth Private Equity.

9.3 Change of Control Implications under Material Contracts

9.3.1 Distribution Alliance Agreement

A Distribution Alliance Agreement was entered into on 9 June 2010 when ClearView acquired the life insurance and wealth management businesses from Bupa Australia. The parties to the agreement are Bupa Australia Holdings Pty Limited, Bupa Australia Health Pty Limited (**BAH**) and Bupa Australia Pty Limited (**BA**) (together, **Bupa Parties**) and ClearView, ClearView Life, CFML, ClearView Life Nominees Pty Limited and CFA (together, **ClearView Parties**).

Under the Distribution Alliance Agreement, the ClearView Parties appointed each of BA and BAH as their agent to promote and distribute certain life risk insurance products and wealth management products, to be issued or otherwise distributed by the ClearView Parties and to promote the financial advice services of CFML or CFA. The term of the Distribution Alliance Agreement is 10 years from the completion date under the Bupa SSA, unless otherwise extended by the parties.

Under the Distribution Alliance Agreement, the Bupa Parties may immediately terminate the agreement by giving written notice to the ClearView Parties at any time if, among other things, a “change of control” occurs in respect of a ClearView Party. A “change of control” for this purpose is defined as meaning where a person and/or its associates, except under a restructure or reorganisation of the group of companies of which the ClearView Parties are a part, in aggregate, acquires:

- Shares in a ClearView Party, or a parent of a ClearView Party, conferring more than 50% of the votes that may be cast at a general meeting of the members of the ClearView Party or the parent of the ClearView Party; or
- The power to control the appointment or dismissal of the majority of directors of a ClearView Party or a parent of a ClearView Party.

The Bupa Parties may also immediately terminate the agreement if an insurer registered under the Private Health Insurance Act 2007 (Cth), or the parent of such an insurer, acquires a substantial holding (as defined in the Corporations Act) in ClearView and has a nominee appointed as a director of ClearView.

9.3.2 Xplan IRESS Agreement

On 4 August 2009, ClearView Administration Services Pty Limited (formerly known as MMC Service Co Pty Ltd) (**CAS**) and IRESS Market Technology Limited (**IRESS**) entered into the Xplan IRESS Agreement. The Xplan IRESS Agreement provides the client management system which is used by the financial advisers of the CFA dealer group.

Under the Xplan IRESS Agreement, ClearView is unable to assign its rights without the prior written consent of IRESS (with such consent not to be unreasonably withheld) and must notify IRESS as soon as practicable of any change of control or transfer of business to which the services provided under the Xplan IRESS Agreement relate. The Xplan IRESS Agreement also provides that the agreement will be taken to have been assigned by ClearView if there is a change of control in its business.

However, the Xplan IRESS Agreement may be terminated with or without a change of control by ClearView or IRESS providing one months written notice.

9.3.3 Avanteos Custody and Administration Agreement

On 30 November 2011, CLN, CFML and Colonial First State Custom Solutions (**Colonial**) entered into the Avanteos Custody and Administration Agreement (**Avanteos Agreement**) and subsequently amended it on 7 August 2012. The Avanteos Agreement provides for the custody and administrative services that support the WealthSolutions products and services.

Under the Avanteos Agreement, CLN and CFML are unable to assign their respective rights without the prior consent of Colonial (such consent not to be unreasonably withheld). Relevantly, any proposed or actual change altering the “Effective Control” of CLN, CFML or ClearView will be treated as an assignment of the Avanteos Agreement. For these purposes, a change in Effective Control only occurs if there is a change of control of either the Board of Directors or more than 50% of the shares of CLN, CFML or ClearView and ClearView is delisted from the ASX.

9.3.4 Insurance policies

On 30 June 2012, ClearView, Chubb Insurance Limited (**Chubb**) and Chartis Australia Insurance Limited (**Chartis**) entered into two separate insurance policies: a Directors and Officers Liability, Company Reimbursement and Company Securities Insurance (**D&O Policy**) and a Comprehensive Crime Insurance and Civil Liability Professional Indemnity Insurance (**Professional Indemnity Policy**).

Under the D&O Policy and Professional Indemnity Policy, the cover provided under by the relevant insurance policy will only apply to acts or omissions prior to the effective time of a “Transaction”. For the purposes of the D&O Policy, a “Transaction” will occur when ClearView consolidates or mergers with another entity, sells all or substantially all of its assets to another entity or becomes a subsidiary of another entity. For the purposes of the Professional Indemnity Policy, a “Transaction” will occur when ClearView (or any entity which controls 50% or more of the shares of ClearView) consolidates or mergers with another entity, sells all or substantially all of its assets to another entity or when a third party acquires voting rights for more than 50% of the shares in ClearView.

9.4 Consents

The following persons have given and have not, before the date of this Target's Statement, withdrawn their consent to the inclusion of the following information in the form and context in which it is included, and to all references in this Target's Statement to that information in the form and context in which they appear:

- Emerald Partners Pty Limited to being named as joint financial adviser to ClearView;
- J.P. Morgan Australia Limited to being named as joint financial adviser to ClearView;
- Baker & McKenzie to being named as legal adviser to ClearView;
- Computershare Investor Services Pty Limited to being named as ClearView's Share Registry;
- KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd to being named as Independent Expert and to the inclusion of the Independent Expert's Report and references to it in this Target's Statement; and
- Plan for Life in relation to the inclusion of the information attributed to them in Section 3 of this Target's Statement.

9.5 Disclaimers of Responsibility

Each person or organisation named above in Section 9.4 as having given consent to the inclusion of a statement in this Target's Statement (or who is otherwise named in this Target's Statement as acting in a professional capacity for ClearView in relation to the Offer):

- Does not make, or propose to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than a statement included in this Target's Statement with the consent of that person as set out above; and
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than any statement included in the Target's Statement with the consent of that party.

9.6 Publicly Available Information and Reliance on ASIC Class Orders

ClearView is a disclosing entity under the Corporations Act and as such is subject to regular reporting and disclosure obligations. Copies of the documents that ClearView lodges with ASIC under these obligations may be obtained from or inspected at an ASIC office. You can also ask ClearView for a copy of ClearView's most recent annual report and half-yearly financial reports and disclosure notices it issues. These documents may also be accessed on the ASX website under the ASX code CVW.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by CCP BidCo with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by CCP BidCo. Pursuant to ASIC Class Order 01/1543, the consent of CCP BidCo is not required for the inclusion of such statements in this Target's Statement.

Any Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Offer Information Line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8:30am and 5:30pm (AEST).

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- Fairly representing a statement by an official person; or
- From a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains Share price trading data sourced from IRESS and the ASX website without their consent.

9.7 Material Litigation

To the best of the knowledge of the Director's and senior management of ClearView, ClearView is not involved in any litigation or dispute which is material in the context of ClearView and its Subsidiaries taken as a whole.

9.8 No Other Material Information

This Target's Statement is required to include all of the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- Only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- Only if the information is known to any Director.

The Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- The information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- The information contained in ClearView's releases to the ASX, and in the documents lodged by ClearView with ASIC before the date of this Target's Statement; and
- The information contained in this Target's Statement (including the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- The nature of the Shares;
- The matters that Shareholders may reasonably be expected to know;
- The fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and
- The time available to ClearView to prepare this Target's Statement.

9.9 Authorisation

This Target's Statement has been unanimously approved by a resolution passed by the Directors.

10 Glossary and Interpretation

10.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
AFSL	Australian Financial Services Licence.
AEST	Australian Eastern Standard Time.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Annual Report	the ClearView 2012 Annual Report released to ASX on 20 August 2012.
Announcement	the announcement of the Offer on the ASX.
Announcement Date	the date of announcement of the Offer, being 12 July 2012.
Appointed Actuary	means the person appointed under Division Six, Part Three of the Life Insurance Act 1995 to be the Appointed Actuary.
APL	Approved Product Lists.
APRA	Australian Prudential Regulation Authority.

Term	Meaning
APRA Regulations	the Life Insurance Act 1995, APRA Prudential Standards that apply to Life Insurers and Non-Operating Holding Companies regulated under the Life Insurance Act 1995.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Corporations Act, in the context of Chapter 6 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or the securities market which it operates, as the context requires.
ASX Settlement Operating Rules	means the rules of ASX Settlement Pty Limited (ACN 008 504 532) from time to time, except to the extent of any relief given by ASX Settlement Pty Limited.
ASX Listing Rules	means the official listing rules of the ASX, as amended or replaced from time to time except to the extent of any written waiver granted by the ASX.
Australian Accounting Standards	means the Accounting Standards issued by the Australian Accounting Standards Board.
ATO	Australian Tax Office.
Bidder's Statement	refers to the Bidder's Statement of CCP BidCo dated 30 July 2012.
Bupa	The British United Provident Association Limited.
Bupa Acquisition	the acquisition of the life insurance and wealth management business acquired from Bupa Australia on 9 June 2010 with the then existing business of MMC Contrarian Limited on the terms and conditions of the Bupa SSA.
Bupa Australia	the Australian operations of Bupa.
Bupa SSA	means the Share Sale Agreement, dated 26 March 2010, between MMC Contrarian Limited (now ClearView) and MBF Holdings Pty Limited to acquire all the shares in MBF Management Pty Limited (now ClearView Group Holdings Pty Limited).
CCP BidCo	CCP BidCo Pty Limited (ACN 159 362 428), a wholly owned subsidiary of Crescent.
CCP BidCo Group	CCP BidCo and each of its Subsidiaries.
CFA	ClearView Financial Advice Pty Limited (ACN 133 593 012).
CFML	ClearView Financial Management Limited (ACN 067 544 549).
CGT	Capital gains tax.
ClearView	ClearView Wealth Limited (ACN 106 248 248).
ClearView ESP	means the ClearView Executive Share Plan.
ClearView ESP Loans	the non-recourse loans provided by ClearView to certain of its employees and contractors participating in the ClearView ESP.
ClearView ESP Share	means the Shares issued under the ClearView ESP.
ClearView Group or Group	ClearView and its Subsidiaries.
ClearView Life	ClearView Life Assurance Limited (ACN 000 021 581).
CLN	ClearView Life Nominees Pty Limited (ACN 003 682 175).
Closing Date	means 7:00pm AEST on the later of 7 September 2012 or any date to which the period of this Offer is extended in accordance with the Corporations Act.
Conditions	means the Conditions set out in Section 9.7 of the Bidders Statement.
Corporations Act	The Corporations Act 2001 (Cth) (as modified or varied by ASIC).
Crescent	Crescent Capital Partners Management Pty Limited (ACN 108 571 820).

Term	Meaning
Directors or Board	the board of directors of ClearView. Where a reference relates to a recommendation of the Directors or the Board it excludes Mr John Murphy, who has absented himself from deliberations and provides no recommendation in respect of the Offer.
Embedded Value	is an actuarial valuation technique that is widely used in the life insurance industry and is an estimate of the economic value of the Company.
FIRB	Foreign Investment Review Board.
Foreign Shareholders	Shareholders with a registered address outside Australia.
FUM	Funds under management.
FY11	means the financial year ended 30 June 2011.
FY12	means the financial year ended 30 June 2012.
GPG	Guinness Peat Group plc.
GST	means goods and services tax or similar value added tax levied in Australia under the GST law to mean the same as in the A New Tax System (Goods & Services Tax) Act 1999 (Cth)) or otherwise on a supply.
IFAs	means Inpedendent Financial Advisers.
Independent Expert	KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (AFSL No. 246901).
Independent Expert's Report	the report prepared by the Independent Expert as to whether the Offer is fair and reasonable, a copy of which is included in Annexure A of this Target's Statement.
Life Insurance Act	Life Insurance Act 1995 (Cth).
Minimum Acceptance Condition	means the Condition set out in Section 9.7(a) of the Bidder's Statement.
LifeSolutions	means ClearView LifeSolutions which provides life insurances made available by ClearView Life Assurance Limited ClearView LifeSolutions Super which provides life insurances made available through superannuation. ClearView LifeSolutions Super is offered by ClearView Life Nominees Pty Limited through the ClearView Retirement Plan. LifeSolutions includes insurances for death, disability, trauma, income protection.
Minimum Acceptance Condition	means the Condition set out in Section 9.7(a) of the Bidder's Statement.
Non-Associated Shareholders	means those Shareholders not associated with CCP BidCo.
NAV	Net Asset Value.
NTA	Net Tangible Assets.
NPAT	Net Profit After Tax.
Offer	the offer by CCP BidCo for the Shares, which is contained in the Bidder's Statement.
Offer Information Line	the information line on 1300 885 039 (toll free for callers within Australia) or +612 8022 7902 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST) established by the Share Registry to provide assistance to Shareholders.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement.
Offer Price	the offer consideration payable for a Share under the Offer, being $0.50 per Share.
Put and Call Option Deeds	the put and call option deeds described in Sections 5 and 8.3 of the Bidder's Statement.
Related Body Corporate	has the meaning given to that term in the Corporations Act.

Term	Meaning
Rights	all accretions, rights or benefits of any kind attaching or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all distributions and all rights to receive them or rights to receive or subscribe for Shares, notes, bonds, options or other securities declared paid or issued by ClearView or any of its Subsidiaries.
Share or Shares	a fully paid ordinary Share in ClearView.
Share Registry	Computershare Investor Services Pty Limited (ACN 078 279 277).
Shareholder	the holder of a Share.
Standstill Agreements	the agreements described in Section 8.4 of the Bidder's Statement.
Subsidiaries	has the meaning given to that term in the Corporations Act.
Target's Statement	this document, being the statement of ClearView issued under Part 6.5 Division 3 of the Corporations Act.
VWAP	Volume weighted average price.
WealthSolutions	means a wrap platform targeted to financial advisers and includes a menu of approximately 250 investment options, ASX listed shares, term deposits, seven ClearView managed funds and several model portfolios managed by ClearView for superannuation and non-superannuation investors.
4Q	means fourth quarter.

10.2 Interpretation

In this Target's Statement:

- Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- Words of any gender include all genders.
- Words importing the singular include the plural and vice versa.
- An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- A reference to a Section, clause, attachment and schedule is a reference to a Section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- A reference to time is a reference to AEST.
- A reference to $ refers to Australian dollars, except where otherwise stated.

Annexure A Independent Expert's Report

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The Directors
ClearView Wealth Limited
Level 12, 20 Bond Street
Sydney NSW 2000

17 August 2012

Dear Directors

Independent Expert Report and Financial Services Guide

PART ONE – INDEPENDENT EXPERT'S REPORT

1 Introduction

On 12 July 2012 (Initial Announcement Date), ClearView Wealth Limited (ClearView or the Company) announced that it had received an off-market takeover offer from CCP BidCo Pty Limited (CCP BidCo) to acquire all the ordinary shares in ClearView for a cash consideration of $0.50 per share (the Offer). CCP BidCo is an entity owned and controlled by Crescent Capital Partners Management Pty Limited (Crescent Capital).

The Offer is subject to a number of conditions precedent (as summarised in Section 2.1 of this report) including a minimum acceptance condition (being acceptance by ClearView shareholders holding more than 50 percent of ClearView's issued capital) being obtained and receiving approvals from the Australian Prudential Regulatory Authority (APRA) and the Foreign Investment Review Board (FIRB). Following the announcement of the Offer, the CCP BidCo Bidder's Statement was lodged with the Australian Securities and Investments Commission (ASIC) on 12 July 2012, with a Revised Bidder's Statement lodged with ASIC after the close of business on 30 July 2012 (Subsequent Announcement Date).

CCP BidCo has entered into put and call option deeds and standstill agreements with some of the existing shareholders of ClearView. As a result, CCP BidCo currently holds a relevant interest of 12.3 percent.

Whilst an Independent Expert's Report (IER) is not required to meet statutory obligations, the Directors of ClearView have requested that KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) provide an IER advising whether, in our opinion the Offer is fair and reasonable.

This letter is a summary of KPMG Corporate Finance's opinion as to the merits or otherwise of the Offer. This letter should be considered in conjunction with and not independent of the information set out in the attached report.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

1.1 Company

ClearView is an Australian financial services company that focuses on providing integrated financial solutions including life insurance, wealth management products and financial advice. It distributes its financial solutions through a distribution network of affiliated strategic partners, the ClearView Dealer Group and accredited financial advisers. As at 30 June 2012 the Company had $44.1 million of in-force life insurance premiums, approximately $1.4 billion of funds under management (FUM) and approximately $1.5 billion funds under advice (FUA).

ClearView commenced trading under that name on the Australian Securities Exchange (ASX) on 9 June 2010 and had a market capitalisation of approximately $203 million at 11 July 2012. The current ClearView business represents a consolidation of a number of acquired businesses that manufacture retail life insurance and wealth management products, and provide financial advice.

1.2 Other party

CCP BidCo is a wholly owned subsidiary of Crescent Capital Partners Management Pty Limited (Crescent Capital), an entity operated and controlled by Crescent Capital Partners (Crescent). Crescent is an Australian based private equity investment firm with a strategy to invest in companies with an enterprise value (EV) of less than $250 million in a broad range of industries across Australia and New Zealand.

Crescent has already invested in a number of insurance and health care related businesses including Cover-More, an Australian based provider of travel insurance and LifeHealthCare, an Australian based distributor of medical devices. Currently, Crescent has over $1 billion of FUM.

2 Summary of the Offer

Should the Offer be accepted, ClearView shareholders will receive $0.50 in cash for each ClearView share on issue. This represents a premium of 8 percent above the last closing price[1] prior to the announcement of the Offer of $0.47 and a 9 percent premium above ClearView's three month and six month volume weighted average price[2] (VWAP) of $0.46. CCP BidCo has agreed to make payment to accepting shareholders by the earlier of:

a) one month after the Offer is accepted or one month after all of the conditions have been waived or fulfilled (whichever is the later); and

[1] On 11 July 2012.

[2] Up to and including 11 July 2012.

b) 21 days after the end of the offer period.

The Offer is subject to a number of conditions precedent that are outlined in section 2.1 of this report. Further, the Revised Bidder's Statement notes in section 9.6 (c) that should Clearview shareholders accept the Offer, CPP BidCo is entitled to all the rights[3] in respect of the ClearView shares tendered into the Offer and, if accepting ClearView shareholders have received the benefit of those rights CPP BidCo will deduct from the consideration paid pursuant to the Offer the amount of those rights together with the value of the franking credits, if any, attaching to the rights. In this regard, while not explicitly stated in the Revised Bidder's Statement, the Offer is expressed in terms of reflecting a pre-dividend value for ClearView shares.

2.1 Conditions precedent

The Offer is conditional on a number of factors, including:

- minimum acceptance of more than 50 percent of ClearView shares on issue
- no additional ClearView securities are on issue or no outstanding agreements to issue ClearView shares at the end of the offer period (subject to shares issued in accordance with an appropriate ASX approval)
- no material adverse change in the structure or business operations of ClearView
- regulatory approvals as required (including those from both APRA and the FIRB)
- no regulatory actions are announced, commenced or threatened during the offer period
- no "prescribed occurrences" as listed in section 652C of the Corporations Act 2001 (the Act)
- no additional capital expenditure, material acquisitions or disposals by ClearView
- between the announcement date and the end of the offer period, the S&P/ASX200 does not close below 3750 for three or more consecutive trading days.

Further details in relation to the Offer and conditions precedent are set out in Section 9 of the Bidder's Statement.

3 Requirements for our report

Whilst having no legal requirement to commission an IER, the Directors of ClearView have requested KPMG Corporate Finance prepare an IER advising whether, in our opinion, the Offer is fair and reasonable to the shareholders of ClearView other than CCP BidCo and its associates (non-associated shareholders) for the purpose section 640 of the Act to assist the non-associated shareholders in assessing the Offer.

[3] Rights are defined in the Revised Bidder's Statement to include dividends or other distributions.

In undertaking the work associated with the IER, we have had regard to Regulatory Guide (RG) 111 "Content of expert reports" issued by ASIC in relation to the content of the expert reports and ASIC RG 112 in respect of the independence of the expert.

RG 111 indicates the principles and matters which it expects a person preparing an IER to consider. The form of analysis for a takeover transaction considers whether the transaction is "fair and reasonable" and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer. This comparison should be made:
  - assuming a knowledgeable and willing, but not anxious buyer and knowledgeable and willing, but not anxious seller acting at arms' length
  - assuming 100 percent ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison
- an offer is 'reasonable' if it is 'fair'
- an offer may be reasonable if, despite not being fair, the expert believes after considering other significant factors, that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Under this framework, and in the absence of a higher offer, the Offer would be considered fair, and therefore reasonable, if the consideration received is equal to, or greater than, the assessed full underlying value of the shares of ClearView, assuming 100 percent ownership of ClearView. Should the Offer be considered not fair, it may still be reasonable if, despite not being fair, other significant factors and the alternatives are sufficient to indicate the offer should be accepted in the absence of any higher bid.

4 Opinion

4.1 Fairness

The cash consideration to be received by the non-associated shareholders is not fair.

In order to assess the fairness of the Offer we have compared the consideration being offered, $0.50 per ClearView share, with our assessed value of a ClearView share (on a control basis in accordance with RG 111). When assessing the controlling value of ClearView, we have considered those synergies and benefits which would generally be available to a broad pool of hypothetical purchasers. We have not included the value of synergies and benefits that may be unique to any individual acquirer. Accordingly, our valuation of a share in ClearView has been determined regardless of the acquirer. In this regard we have assessed the value of a ClearView share to be in the range of $0.68 to $0.74, expressed as a pre-dividend value, as set out below:

Table 1: Summary of assessed values

$m	Refer	Assessed value Low value	High value
Life Insurance	10.4.4	150.0	165.0
Wealth Management and Financial advice	10.4.4	93.5	102.0
ClearView business units		**243.5**	**267.0**
Add: Surplus capital	10.5	35.0	40.0
Less: Restructuring costs (post-tax)	10.6	(0.5)	(0.5)
Add: ESP shareholder loan receivable	10.7	13.9	13.9
Implied equity value (100%)		**291.9**	**320.4**
Total shares on issue (million)[1]	10.8	433.3	433.3
Assessed value per ClearView share ($) (pre-dividend)		**$0.68**	**$0.74**

Source: KPMG analysis
Note: 1) Includes 24 million shares held by employee participants issued under ClearView's ESP

In relation to the above we note:

- net tangible assets approximated $0.515 per share as at 30 June 2012
- including franking credits the embedded value approximated $0.68 per share as at 30 June 2012
- our range of assessed values reflects a premium of between 46.5 percent and 59.55 percent over the pre bid trading prices of ClearView shares which may be in part due to the thinly traded nature of the stock and the lack of control attaching to trades of portfolio interests.

As the consideration to be received is below our assessed value range of a ClearView share (on a control basis) we have concluded that the Offer is not fair.

4.2 Reasonableness

The Offer is not reasonable.

As indicated above, ASIC guidelines note that an offer may be reasonable if, despite not being fair, the expert believes after considering other significant factors, that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer. We have assessed the reasonableness of the Offer by considering whether the advantages of the Offer proceeding sufficiently outweigh the disadvantages together with any other factors we consider being pertinent. We have concluded that the disadvantages outweigh the advantages for the reasons set out below.

4.2.1 Disadvantages of the Offer

4.2.1.1 *Potential for earnings growth*

Since the Company commenced trading under the ClearView name in June 2010, management have been focussed on developing products and infrastructure to grow the business. As is usual in businesses like ClearView, the costs associated with developing products and infrastructure needs to be incurred before any associated revenue can be generated. For example costs to develop product must be incurred before the particular product can be sold and, similarly, costs to 'on board' financial advisers must be incurred before those advisers can generate revenues.

ClearView introduced ClearView LifeSolutions (LifeSolutions) and ClearView WealthSolutions (WealthSolutions) in December 2011, creating a suite of new life and wealth management products. Since its introduction, in-force premium income written in the life insurance business unit has increased significantly, albeit off a low base (refer Figure 10 in section 9.2.1).

The decision by management to grow the life advice business through LifeSolutions is also reflected in the increases in commission and operating expenses in ClearView's life insurance business unit for the year ended 30 June 2012 (FY12) as compared to FY11. Similarly an increase in expenses in the wealth management business unit for FY12 as compared to FY 11 reflects management's investments in WealthSolutions ahead of new business volumes being generated.

In our view, ClearView shareholders have invested in growing their business and the returns on that investment are only just commencing. We do not believe that the Offer appropriately reflects the potential for future growth in earnings associated with ClearView's recent investments.

4.2.1.2 *The consideration provided under the Offer provides a small premium to the pre bid trading price*

For the week ending 11 July 2012, ClearView shares traded in the range $0.46 to $0.465, with a VWAP of $0.464. The Offer represents an 7.8 percent premium to the VWAP for the week ended 11 July 2012 and, in our view, is not adequate in the context of premiums generally paid for control.

4.2.1.3 *The consideration provided under the Offer is at a discount to the current trading price*

For the week ending 3 August 2012, ClearView shares traded in the range $0.54 to $0.56, with a VWAP of $0.54. This VWAP represents an 8 percent premium to the consideration provided under the Offer.

4.2.1.4 *The Offer reflects a discount to net assets and embedded value*

The Offer values ClearView at approximately $216.7 million[4]. The Offer is therefore a discount of:

- 17.7 percent to the audited net assets at 30 June 2012
- 18.2 percent to the reported embedded value at 30 June 2012[5].

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[4] Reflecting issued ordinary shares and employee shares issued under the Executive Share Plan.
[5] Or 28.0 percent if franking credits of $36 million are incorporated into ClearView's embedded value.

4.2.1.5 *Consequences of not accepting the Offer*

In the absence of the Offer, and excluding CCP BidCo's 12.31 percent interest in ClearView, ClearView's top three shareholders currently hold approximately 61 percent of ClearView's issued capital, although none are in a position to individually control ClearView by holding an interest in excess of 50 percent. In the event that the minimum acceptance condition associated with the Offer is satisfied, non-associated shareholders may experience lower level of liquidity than currently exist together with a decreased level of influence over the future strategy of ClearView.

Further, should the minimum acceptance condition associated with the Offer not be met, CCP BidCo may waive certain conditions. In these circumstances the ClearView share register may become more concentrated than it currently is also leading to lower liquidity levels and a decreased level of influence.

4.2.2 Advantages of the Offer

4.2.2.1 *The Offer allows the non-associated shareholders an immediate realisation of their investment in ClearView for a known amount*

Taken at face value, ClearView shares experience limited liquidity with less than 5 percent of shares traded in the last 12 months. In this respect we note that approximately 61 percent of ClearView's issued shares are held by 3 substantial investors reducing the 'free float' available for trading.

The Offer will allow the non-associated shareholders to immediately realise their investment in ClearView for cash at a premium to the price at which the shares were trading prior to the Offer without paying brokerage.

4.2.2.2 *Transferring risks associated with delivering shareholder value*

If the Offer is successful, CCP BidCo will have acquired control of ClearView. As a result it will take on any risks, challenges and uncertainties associated with the future operations of ClearView. To the extent CCP BidCo obtains greater than 50 percent of the shares, but less than 100 percent of the shares, it will share these risks with the non-associated shareholders that do not accept the Offer. These risks include, but are not limited to the execution of the ClearView business strategy discussed above.

4.2.3 Other

4.2.3.1 *Improvement in Offer*

Should the Offer be increased, non-associated shareholders will benefit from such an increase. This benefit would not be available to non-associated shareholders who have already sold their ClearView shares on the ASX.

4.2.3.2 *Likelihood the Offer meets the minimum acceptance condition*

The Offer requires acceptance by more than 50 percent of ClearView's shareholders. The largest shareholder, Guinness Peat Group plc, along with various subsidiaries, (GPG) holds approximately 48 percent of ClearView's issued capital. The likelihood of the Offer reaching the minimum acceptance level is extremely low unless GPG accepts the Offer.

4.2.3.3 *No superior offer has emerged*

The Directors have advised that, to date, no superior offer for the acquisition of ClearView has been received.

4.2.4 Conclusion

We have considered a number of aspects relating to the reasonableness of the Offer. In our opinion, as set out above, we are of the view that while we have determined that the Offer is not fair, none of the factors we have highlighted above would lead us to form the opinion that, while not being fair, the Offer is otherwise reasonable. The main reason for the Offer not being reasonable is due principally to the significant difference between the low end of our assessed value range of a ClearView share (being $0.68) and the level of the Offer (being $0.50 per share).

5 Other matters

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2 of the attached report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in section 7.2 of our attached report.

In forming our opinion, we have considered the interests of the non-associated shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual non-associated shareholders. It is not practical or possible to assess the implications of the Offer on individual non-associated shareholders as their financial circumstances are not known. The decision of non-associated shareholders as to whether or not to approve the Offer is a matter for those individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual non-associated shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to accept the Offer may be influenced by his or her particular circumstances, we recommend that individual non-associated shareholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting ClearView's non-associated shareholders in considering the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Target Statement to be sent to ClearView shareholders in relation to the Offer, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Target Statement.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin	Diana D'Ambra	Michael Jones
Authorised Representative	Authorised Representative	Authorised Representative

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6 The Offer

On 12 July 2012, ClearView Wealth Limited (ClearView) announced that it had received an off-market takeover offer from CCP BidCo to acquire all the ordinary shares in ClearView for a cash consideration of $0.50 per share. The Offer represents a premium of 8 percent above the last closing price prior to the announcement of the Offer prior to the Initial Announcement Date and a premium of 9 percent above ClearView's three month VWAP prior to the Initial Announcement Date. The Offer is to be funded from both committed equity and debt financing.

The Offer is subject to a number of conditions (as summarised in Section 2.1 of this report) in particular a minimum acceptance (being acceptance by ClearView shareholders holding more than 50 percent of ClearView's issued capital) being obtained.

CCP BidCo has entered into put and call option deeds and standstill agreements with some of the existing shareholders of ClearView. As a result, CCP BidCo currently holds a relevant interest of 11.6 percent of ClearView shares (and voting power of 12.3 percent).

7 Scope of the report

7.1 Basis of assessment

7.1.1 Guidance – Fair and reasonable

RG 111 provides guidance in relation to the content of independent expert reports prepared for transactions under Chapter 5, 6 and 6A of the Act. RG 111 refers to a 'control transaction' as being the acquisition of a controlling stake in a company that could be achieved by way of a takeover offer, compulsory acquisition, buy-out, scheme of arrangement and capital reorganisation. The Offer is a takeover offer by CCP BidCo of the shares in ClearView and as such we have considered the analysis that should be undertaken by an expert for a takeover bid. In respect of control transactions, under RG 111, fair and reasonable are separate tests.

7.1.2 Fairness

RG 111 defines an offer as fair when the value of the consideration is equal to or greater than the value of the securities subject to the offer. The comparison should be made assuming a knowledgeable and willing but not anxious buyer and knowledgeable and willing but not anxious seller acting at arms' length, 100 percent ownership of the 'target' and irrespective of whether the consideration is scrip or cash. In addition the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison.

Accordingly, KPMG Corporate Finance has assessed whether the Offer is fair by estimating the market value of a share in ClearView (assuming 100 percent control) and comparing this value with the estimated market value of the consideration offered.

Market value typically excludes 'special value' which is the additional value (over and above market value) that particular acquirers may be prepared to pay for a business who can achieve unique synergies or other benefits not generally available to other market participants. Our valuation of ClearView has excluded 'special value'.

7.1.3 Reasonableness

According to RG 111 (in respect of control transactions), an offer is reasonable if it is fair. However, an offer can also be reasonable even if it is not fair if the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer. To assess the reasonableness of the Offer, KPMG Corporate Finance has considered the following factors:

- the current issues facing ClearView
- advantages and disadvantages and other considerations of the Offer
- implications if the Offer is not approved.

7.1.4 Key considerations

In forming our opinion we have taken the following factors into consideration:

- the assessed value of ClearView shares and the consideration offered under the Offer
- financial data and transactions for comparable publicly traded companies and comparable transactions in order to develop an opinion as to appropriate valuation parameters
- the terms of the Offer
- the level of any synergies/special value available to an acquirer
- the likelihood of an alternative offer
- recent trading prices of ClearView shares on the ASX
- the consequences of not accepting the Offer
- the implications of the Offer including, but not limited to, financial, tax and liquidity issues
- any other benefits or disadvantages that we believe to be relevant.

7.2 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of ClearView for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with ClearView's management in relation to the nature of the Company's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of ClearView. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, ClearView remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We do not make any statement in this report as to whether any forecasts or projections included in this report will be achieved, or whether the assumptions and data underlying any prospective financial information are accurate, complete or reasonable. We do not warrant or guarantee the achievement of any such forecasts or projections.

Accordingly, KPMG Corporate Finance cannot provide any assurance that the estimates will be representative of the results which will actually be achieved during the forecast period. In particular, we have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any prospective financial information. Any variations from forecasts/projections may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

7.3 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. ClearView has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to ClearView and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising ClearView. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by ClearView.

8 Industry overview

ClearView is a financial services company with businesses that specialise in providing life insurance, wealth management and financial advice solutions to its clients. Set out below is a brief summary of each of these industry segments.

8.1 Life insurance (non-investment)

8.1.1 Overview

ClearView offers risk based life insurance products covering term life, total and permanent disability (TPD) and critical illness and trauma insurance (known as lump sum), and income protection insurance to individuals. Over the past decade, the life insurance industry in Australia has been characterised by significant growth and consolidation. At 31 March 2012, total annual in-force premiums from life insurance policies had reached $10.6 billion[6].

8.1.2 Products

Life insurance products in the Australian market have traditionally been divided into the following three categories:

- Individual lump sum risk: comprises insurance products which include death cover such as, term life, TPD and critical illness or trauma insurance. Lump sum risk insurance addresses the financial impacts on the insured's dependants (and the insured themselves in the case of TPD and critical illness) from an illness or accident. Therefore, demand is driven by the potential loss of income following such an event, financial commitments such as loan repayments and other "wholesale" type covers that may already be in place, for example via a superannuation fund
- Individual income risk: payout an income where the insured is unable to work due to an illness or accident. They provide benefits where the insured is temporarily disabled (unlike lump sum TPD where a benefit is only paid if the disablement is permanent). Similar to lump sum risk, demand for individual income protection is influenced by financial commitments and consumer desires to reduce the impact of lost income in the event they were unable to work, as well as any wholesale income protection covers.

  Individual risk includes individual risk covers offered on platforms and master trust policies covering multiple individuals. The underwriting and features of these policies are typically similar to those where each individual/couple is covered by a separate policy. The distribution of this business often involves the provision of specific financial advice.
- Wholesale risk: comprises insurance products where the insurance offering is provided to a group of members, typically on a standard or "default" level of cover basis and without personal financial advice being provided. The largest consumers of group risk insurance products are superannuation funds and therefore demand is influenced by the size of the membership (impacted by general economic growth) and the standard (or "default") levels of cover chosen by trustees (which over recent years has tended to increase). Levels of insurance are also impacted by member choices, for example, superannuation funds typically offer members the choice to increase/reduce the level of cover relative to the default level.

Individual life insurance products are predominantly distributed through financial advisers however financial institutions have increasingly become a major distribution channel as banks move to cross sell

[6] Plan For Life, "Life Insurance Risk Premium Inflows & Sales Year Ended March 2012', 12 July 2012.

life insurance products with other financial products. Life insurance products are also sold directly to the public through internet and phone channels.

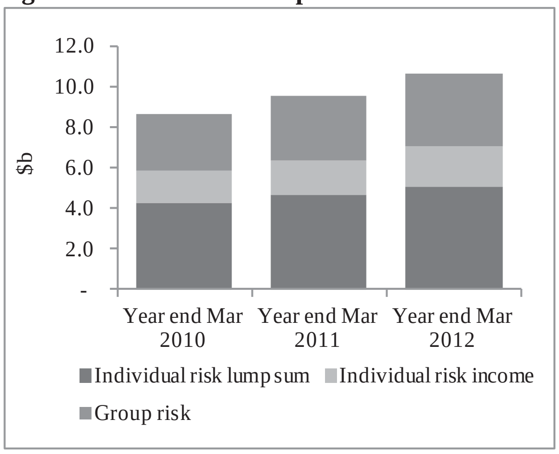
8.1.3 Recent trends

At 31 March 2012, total annual in-force premiums from life insurance policies had increased 11.8 percent to $10.6 billion from $9.5 billion in the previous year[7]. In-force premiums increases have occurred across all types of risk life insurance products.

Similarly, total sales of new life insurance policies increased by 17.0 percent to $2.7 billion in the year ended 31 December 2011 in comparison to growth in new sales in the previous year of 1.3 percent[8].

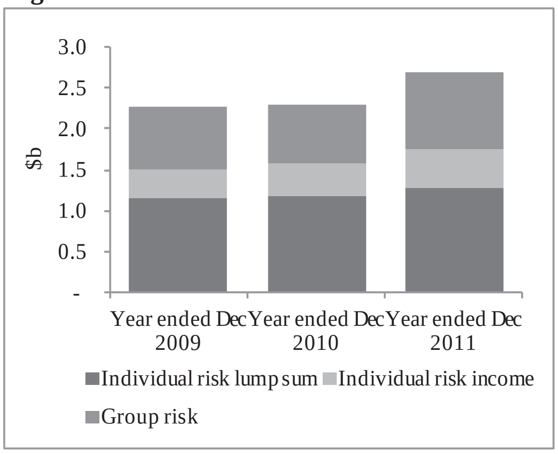
Set out in the diagrams below is the historical growth of total annual in-force premiums for the three years to March 2012 and the historical growth in sales of new policies for the three years to December 2011 (reflecting the most recent information available).

Figure 1: Annual in-force premiums



Source: Plan for Life; July 2012

Figure 2: Annual new sales



Source: Plan for Life; April 2012

8.1.4 Competitive landscape

As at 31 December 2011, there were 28 registered life insurance companies in Australia of which 17 were actively selling life risk insurance products (excluding reinsurers, non-active insurers, etc). As a result of recent industry consolidation, the life insurance industry in Australia is highly concentrated with the top six industry participants[9] accounting for 78.4 percent of total in-force premiums. The consolidation of the market was driven by the ability to achieve economies of scale and to gain access to new distribution channels. Set out in the diagram below is a breakdown of total annual in-force premiums for the twelve months ended 31 March 2012 by industry participant.

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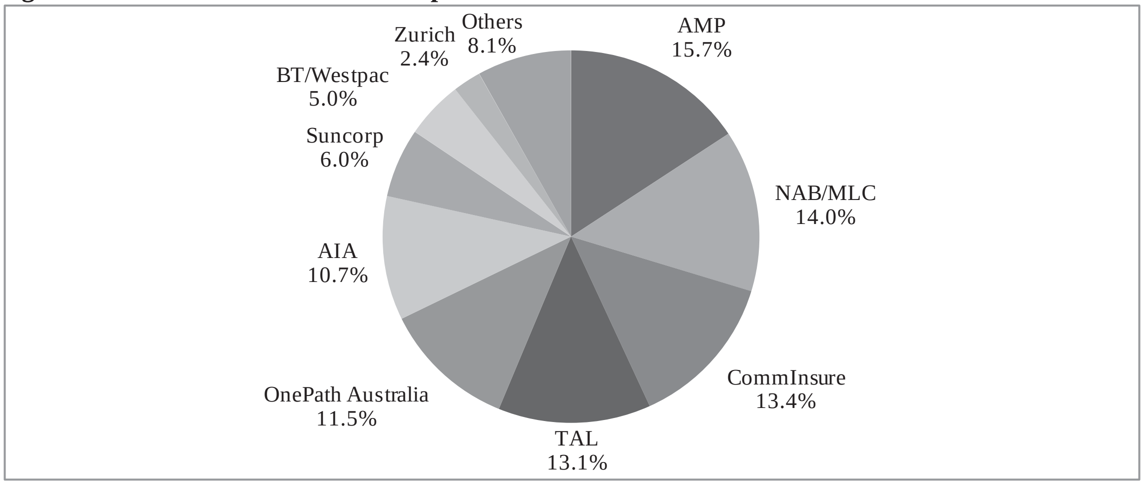
[7] Plan For Life, "Life Insurance Risk Premium Inflows & Sales Year Ended March 2012", 12 July 2012.
[8] Plan For Life, "Life Insurance Risk Premium Inflows & Sales Year Ended March 2012", 12 July 2012.
[9] AMP Limited (AMP), National Australia Bank Limited (NAB) via MLC, Commonwealth Bank of Australia via CommInsure, TAL Limited (formerly Tower Australia), OnePath Life Limited, a company of the Australia and New Zealand Banking Group Limited and AIA Australia Limited (AIA).

Figure 3: Breakdown of total in-force premiums



Source: Plan for Life; July 2012

8.1.5 Regulation

Prudential regulation of life insurance companies within Australia is provided through the Australian Prudential Regulation Authority (APRA) under the Life Insurance Act 1995 (LIA). Under this legislation, registered life insurance companies are required to maintain the assets of their business in statutory funds whereby the assets of each fund must be kept distinctly separate from shareholder assets. In addition, registered life insurance providers are also required to comply with solvency, capital adequacy and management capital standards. In December 2011, APRA released draft prudential capital standards for life and general insurance providers which are expected to be in force by January 2013. The effect of these new capital standards is to align the eligibility requirements of an insurer's capital base with the Basel III criteria and specify that:

- common equity tier 1 (CET1), which includes paid up capital and retained earnings, must exceed 60 percent of the prescribed capital amount (PCA) for life insurers as a whole
- tier 1 capital, which comprises CET1 in addition to capital providing permanent commitment of funds freely available to absorb losses, must exceed 80 percent of the PCA for life insurers within each statutory fund
- the capital base must exceed the prudential capital requirement for life insurers within each statutory fund.

8.1.6 Outlook

According to Rice Warner[10], the life insurance industry is expected to grow at an annual rate of 8.4 percent whilst retail life insurance (excluding superannuation) sold by financial advisers is expected to grow at an annual rate of 9.0 percent over the next 15 years. It is expected that risk products sold through

[10] Actuaries and management consultants.

industry superannuation funds and employer master trusts will experience the fastest growth over this period.

This anticipated growth in the risk insurance industry is expected to materialise as a result of:

- opportunities because of high levels of underinsurance, for example, it is currently estimated that the Australian population is underinsured by approximately 90 percent for life related risks[11]
- a generally increasing awareness in the population of the importance of insurance in wealth protection
- recent reforms in the financial services industry
- growth in distribution including developing distribution channels other than financial advisers such as direct and employed planners.

8.2 Wealth management

8.2.1 Overview

ClearView also offers investment products (predominantly superannuation based) and advice. Australia is the largest wealth management market in Asia-Pacific and the fourth largest in the world[12]. It is estimated that $1.9 trillion of assets are under management at 31 March 2012[13]. The current economic environment has had a significant impact on funds management in Australia with the downturn restricting the ability for funds to generate positive returns due to declining global equity values.

8.2.2 Products

The wealth management industry is segmented into two sectors, namely:

- the retail sector, which services individual and personal investors
- the wholesale sector, which services institutions, governments and major corporate superannuation investors.

Although both sectors are subject to similar performance drivers and success factors, we note that the margins achieved in the retail sector are significantly higher than in the wholesale sector. Set out in the diagrams below is a breakdown of assets in both the retail and wholesale sectors as at 31 March 2012.

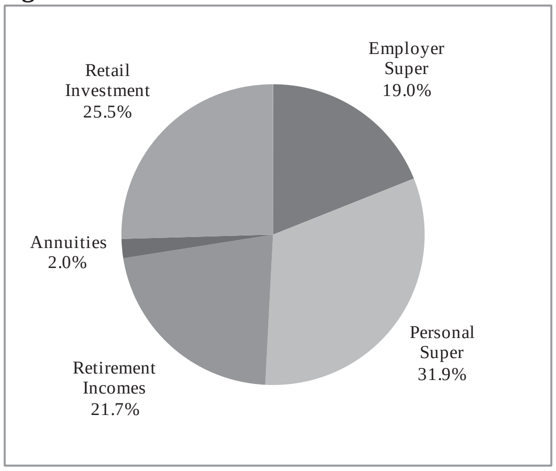
---

[11] IBISWorld, "Life Insurance in Australia", April 2012.

[12] IBISWorld, "Funds Management (except Superannuation Funds) in Australia", June 2012.

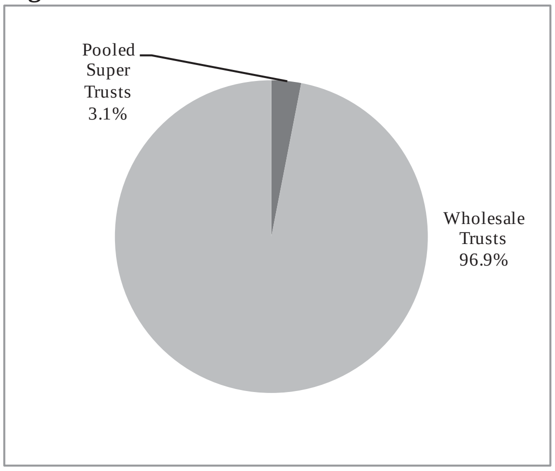
[13] Australian Bureau of Statistics, June 2012.

Figure 4: Total assets in the retail sector



Source: DEXX&R; June 2012

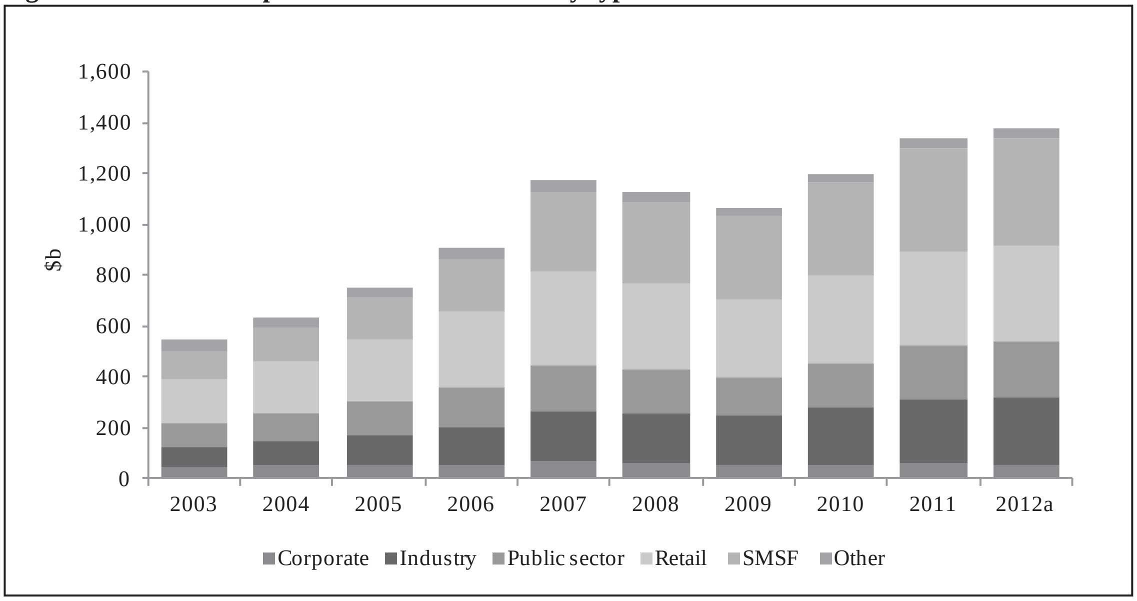
Figure 5: Total assets in the wholesale sector



Source: DEXX&R; June 2012

In relation to the figures above, as at 31 March 2012 retail assets represented 63.1 percent of the wealth management industry with wholesale assets representing the remaining 36.9 percent. The superannuation market is the largest component of the broader Australian wealth management industry representing 71.1 percent of total FUM as at 31 March 2012[14]. Set out in the figure below is the historical composition of superannuation FUM from June 2002 to March 2012.

Figure 6: Growth in superannuation fund assets by type



Source: APRA
Note: a – at 31 March 2012. Other figures measured at 30 June balance dates

[14] Australian Bureau of Statistics, "March Quarter 2012 Managed Funds Australia', 31 May 2012.

In relation to the above figure, we note:

- the retail funds and self-managed superannuation funds (SMSFs) collectively account for 57.6 percent of total FUM at 31 March 2012
- total FUM in the superannuation industry grew at a compound annual growth rate (CAGR) of 11.1 percent over the above mentioned period. Since 2007, total FUM has grown at a CAGR of 3.4 percent with growth in FUM inflows generally offsetting the declines in investment markets. We note that, while growth has been positive across all sectors of the industry, most recently growth in superannuation FUM has been greatest in SMSFs and industry superannuation funds/sectors.

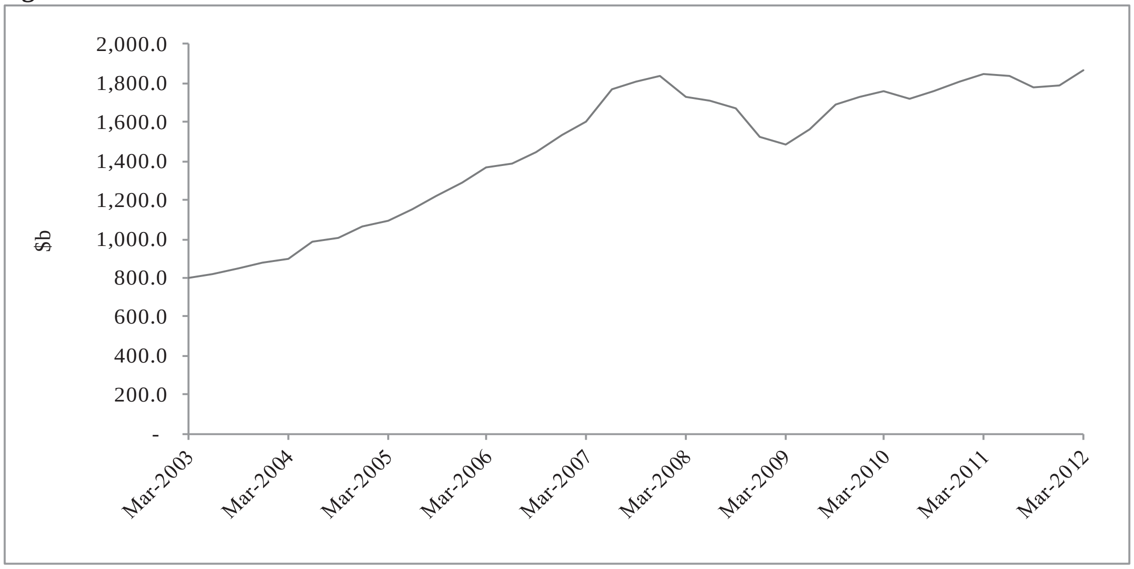
Products (including superannuation products) are distributed through a variety of channels including financial advisers, aligned advisers and banks with the majority of products sold via the financial advisers.

8.2.3 Recent trends

The success of fund managers is dependent upon the level of FUM and management fees earned by the manager. FUM is impacted by net inflows/outflows as well as the performance of financial markets. Management fees comprise a standard base fee and are generally expressed as a percentage of FUM while in some cases, performance fees (generally expressed in terms of a percentage of the outperformance over a benchmark) are payable.

Over the past five years, the industry has experienced significant volatility in FUM due to movements in asset values and increasing risk aversion by investors which has resulted in a number of investors preferring to invest in bank products (for example bank accounts or term deposits) or other safer investment options such as cash, or bonds which typically earn lower management fees. FUM has only recently returned to levels observed before the global financial crisis, however, growth in FUM is still impacted by slowing growth in economies such as China and increased risk aversion by investors as a result of global economic uncertainty. Both the outflows of funds and adverse movements in asset values have a direct negative impact on the earnings of fund managers. The figure below outlines the growth in FUM in Australia over the last nine years.

Figure 7: FUM in Australia – March 2003 to March 2012



Source: ABS

As highlighted in the figure above, the value of managed funds has been increasing at a steady rate until March 2007, at which time the value of FUM started to decline. This decline resulted from both negative returns in global equity markets as well as large withdrawals by investors to deposits in banks. As a result of growth in global equity markets in the aftermath of the global financial crisis, FUM has grown at a compound annual growth rate of 6.1 percent during the three years ending March 2012.

IBISWorld estimates that revenues in the funds management industry decreased by approximately 3.3 percent per annum from 2007 to 2012, as FUM decreased. In recent times, fund managers have been earning lower or no performance fees (where applicable) while the declining FUM has also impacted base fees as a result of global equity markets generating negative returns.

8.2.4 Competitive landscape

The concentration amongst industry participants is high with the top ten managers accounting for 76.2 percent of total FUM. Currently there are 4,888 wealth management practices and 348 superannuation funds operating in Australia[15]. As with life insurance, the wealth management industry is dominated by the presence of the 'big four' banks which control approximately 47.3 percent of the retail market. The top three participating institutions as at 31 March 2012 were:

- AMP, following the acquisition of AXA in March 2011 AMP currently has $117.2 billion in FUM
- NAB, with $108.3 billion in FUM
- Westpac Banking Corporation Limited (Westpac), in conjunction with BT with $99.0 billion in FUM.

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[15] IBISWorld, "Funds Management (except Superannuation Funds) in Australia" & "Superannuation Funds in Australia", June 2012.

8.2.5 Regulation

The regulatory environment in the Australian financial services industry is rigorous. Each entity operating in the financial services industry is required to have an Australian Financial Services Licence (AFSL) and is regulated by ASIC. In addition, regulated superannuation funds and insurance providers are also regulated by APRA.

Recently, the federal government has undertaken a number of reviews impacting the financial services sector, the outcomes of which are expected to have a direct impact on the wealth management industry. These include:

- a Parliamentary Joint Committee on Corporations and Financial Services inquiry into Financial Products and Services in Australia (the Ripoll Inquiry), which was implemented in response to the collapse of a number of participants in the industry during the global financial crisis. There were three key recommendations outlined in the report, including:
  - the introduction of a fiduciary duty imposed on licensed financial advisers
  - the establishment of an appropriate mechanism to compensate financial advisers and cease product commissions
  - the establishment of a board to oversee and regulate the conduct of financial advisers
- a review into the governance, efficiency, structure and operation of Australia's Superannuation System (the Cooper Review), of which the recommendations included the introduction of MySuper, a simple low cost default superannuation product, the introduction of SuperStream which is designed to lower costs and maintain market competitiveness and tighter regulation and governance. These initiatives form part of the Government's 'Stronger Super' reforms. In conjunction with these reforms, new risk-based operational requirements will apply to all APRA regulated entities and may result in increased capital requirements being held by the funds or trustees
- a review of Australia's tax system (the Henry Review), of which the recommendations included a gradual increase in the superannuation guarantee charge (SGC) from 9 percent to 12 percent starting 1 July 2013 and the abolishment of taxing superannuation contributions at the fund level.

Legislation implementing the superannuation reforms, including MySuper, has been released in multiple tranches. Issues relating to MySuper:

- were debated in the House of Representatives in late March 2012
- were debated for the second time in the House of Representatives on 26 June 2012
- are expected through the Senate in the third quarter of 2012.

Implementation is expected over the period July 2013 to June 2017.

8.2.6 Outlook

According the IBISWorld, annual growth in the wealth management industry (excluding superannuation) is expected to reach 4.5 percent whilst growth in the superannuation industry is expected to reach 11.6 percent per annum over the next five years. Whilst the short term outlook for the funds management industry is relatively uncertain given recent performance, the future growth of the industry is underpinned by:

- the regulatory changes discussed in section 8.2.5
- 'baby boomers' heading towards retirement and focusing on rapid wealth accumulation strategies
- increasing sophistication of investors.

8.3 Financial advice

8.3.1 Overview

Financial advsers provide advice which can be either personal advice, which is tailored to a client's objectives, financial situation and needs, or general advice. Financial advice clients are typically individuals but many are small to medium enterprises and SMSFs. The financial advice sector is largely a distribution outlet for the life insurance and wealth management industries, providing financial advice and a range of services for wealth accumulation, retirement planning, insurance, estate management and taxation.

Financial advice practices can be individually licensed or can operate as part of a dealer group. A dealer group operates as the licensee of the individual practices (holding the necessary AFSL) and provides access to the benefits of scale by providing various support services required by the individual practices such as marketing and branding, the management of compliance and regulatory issues, administration, product research and information technology.

According to IBISWorld, the financial advice sector is expected to have generated \$4.3 billion in revenues for FY12 and to have declined at a cumulative annual growth rate of -4.4 percent during the five years ended 30 June 2012.

8.3.2 Platforms

Platforms (variously labelled as WRAPs, Master Trusts or investor directed portfolio services (IDPS)) are all designed as administration facilities for investment and superannuation funds, consolidating all the investment reporting and administration for individuals, and sending regular portfolio valuations and tax statements for all of an individual's investments.

The largest retail platforms in Australia include MLC Masterkey/Navigator (NAB), FirstChoice (Commonwealth Bank), BTWrap (Westpac) and Macquarie Wrap (Macquarie Group Limited).

A large portion of current financial advice dealer group revenues typically comprise platform margins where clients are charged a fee for having their investment administered on the platform and part of this fee is rebated to the dealer group by the platform owner. Following the introduction of Future of Financial Advice (FoFA), dealer groups will not be able to receive the rebates for using these platforms beyond any 'grandfathering' allowed (we note that any rules in respect of this have not as yet been finalised).

In addition to this fee, financial advice dealer groups typically receive a percentage of all commissions/fees received by advisers which are not platform related.

8.3.3 Competitive landscape

The financial advice industry is largely fragmented with over 18,200 financial advsers in Australia[16]. Larger financial institutions often own or have affiliate financial advsers and dealer groups, with approximately 85 percent of financial advisers associated with a product manufacturer[17]. Set out in the table below is a list of the five largest dealer groups in Australia by number of authorised representatives as at 31 March 2012.

Table 2: Dealers groups in Australia by authorised representatives

Dealer Group Name	Total funds under advice ($m) 31 March 2012	Number of authorised representatives 31 March 2012
AMP	42,373	1,633
Millenium 3 Financial Services	6,900	838
Commonwealth Bank	26,505	816
Professional Investment Services	9,307	711
NAB	12,218	669

Source: Money management 2012 Top Dealer Groups (26 July 2012)

8.3.4 Regulation

All financial advsers must operate under an AFSL that outlines the types of products upon which they can advise. Under the Act, providers of personal advice are required to provide ‘appropriate advice’ and hence financial advsers must be adequately trained to provide this advice.

In the wake of a number of financial services companies collapsing (many affected by leveraged models) a number of government enquiries were commissioned in 2009 and 2010 into the superannuation system and the provision of financial advice in Australia including the Cooper review on superannuation, Ripoll review on financial advice and Henry tax review, culminating in the Australian Government’s release of its proposed FoFA reforms in April 2010. On 28 April 2011, the Australian Government provided further details on the reforms and their implementation as a result of further consultation in its Future of Financial Advice Information Pack[18].

There are two overriding principles to FoFA being:

- financial advice must be in the client’s best interests – distortions to remuneration, which misalign the best interest of the client and adviser should be minimised
- minimising these distortions, financial advice should not be put out of reach of those who would benefit from it.

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[16] Rainmaker Group, rainmaker.com.au 31 July 2012.

[17] IBISWorld, “Financial Planning and Investment Advice in Australia” Industry Report, K7515 (22 May 2009).

[18] Future of Financial Advice Information Pack, Australian Government (28 April 2011).

Legislation relating to the FoFA reforms has been released in multiple tranches. In terms of FoFA the tranches released to date include:

- opt-in and annual fee disclosure
- anti-avoidance
- best interest duty
- conflicted remuneration
- banned remuneration.

The status of these tranches of legislation is as follows:

- legislation was granted Royal Assent on 27 June 2012
- draft regulations were released in June 2012
- draft ASIC guidance notes are expected in tranches from August to December 2012.

Final regulations are expected in the fourth quarter of 2012. Implementation of the FoFA reforms is mandatory on 1 July 2013 (other than those reforms already legislated and implemented).

8.3.5 Outlook

The major demand drivers for financial advice and investment advice and therefore FUA include:

- financial market conditions and investor confidence: market returns directly impact on FUA as well as investor confidence for fund inflows
- real economic growth: impacting employment, disposable income and saving rates that influence investor decisions
- ageing population: accumulation of wealth by older investors will increase demand for financial advice
- superannuation: compulsory superannuation guarantee contributions and tax benefits will drive the level of FUA, though this has also been moderated by lowering the caps for superannuation contributions from $50,000 to $25,000 for certain individuals for the time being
- complexity of products and services: more complex products and services, particularly in regards to regulations, the tax system and actual products available will drive the need for financial advice and platforms
- an ongoing growing demand for insurance and related advice.

Continuing market uncertainty, stagnant growth and sovereign debt problems are likely to limit market returns and investor confidence, impacting FUA. Further, FUA is unlikely to grow significantly in the short to medium term as global economic growth rates are not expected to be significant over this time frame. This is predominantly as a result of the current debt issues in both the Euro zone and the United States of America.

The complexities of the reforms and continuing uncertainty of the legislation has led to a number of financial advice firms/dealer groups agreeing to mergers and consolidations in the past year such as AMP's acquisition of AXA. Further consolidation is expected as smaller firms seek to increase their scale and partners to derive efficiencies in navigating the regulatory change. The landscape in the financial advice industry is expected to undergo significant changes over the next five years as the proposed FoFA reforms are introduced and consolidation continues. According to IBISWorld, revenue in the financial advice industry is forecast to generate a cumulative annual growth rate of 4.5 percent per annum in the five years to 2017.

9 Company overview

9.1 Introduction

ClearView is an Australian financial services company. It operates through three business units[19]:

- life insurance
- wealth management
- financial advice.

ClearView distributes its financial solutions through a distribution network of affiliated strategic partners, the CVW Dealer Group and independent financial advisers. As at 30 June 2012, the Company had $44.1 million of in-force life insurance premiums, approximately $1.4 billion FUM and approximately $1.5 billion FUA.

ClearView commenced trading under that name on the ASX on 9 June 2010 and had a market capitalisation of approximately $203 million at 30 June 2012.

9.2 Overview of ClearView's business

The ClearView business was formed when MMC Contrarian Limited (MMC), an ASX-listed company with a financial advice business called ComCorp Financial Advice Pty Ltd (ComCorp) acquired two former Bupa Australia businesses, MBF Life and ClearView Retirement Solutions, in June 2010. At that time, through a non-renounceable pro-rata entitlement offer (the Entitlement Offer), ClearView raised $73.2 million through the issue of 146.6 million shares at $0.50 each. In conjunction with the Entitlement Offer, ClearView raised approximately $62 million through a conditional placement by issuing 123.4 million shares at $0.50 (Placement). In the prospectus for the Entitlement Offer the Entitlement Offer and the Placement were collectively referred to as the Capital Raising.

As a result of the Capital Raising, MMC's major shareholder, GPG, decreased its equity interest from 68 percent to less than 50 percent.

MBF Life was a registered life insurer that manufactured and distributed life protection products since 1976, with a focus on providing the life insurance needs of MBF Australia's health insurance customer base. ClearView Retirement Solutions has been a provider of financial advice services, and a

[19] Clearview also reports a "Listed entity" segment which earns income on the excess cash on the listed entity balance sheet and shareholders' fund.

manufacturer and distributer of managed investments and superannuation products since 1990, with a focus on retirees and people transitioning into retirement. A majority of the investment products placed via ClearView's advisers were provided from MBF Life.

Following the acquisition, MMC was renamed ClearView to reflect a vertically integrated, diversified financial services company providing life insurance, wealth management and financial advice solutions through its distribution network. Its distribution network comprises:

- the ClearView dealer group. Following the recent recruitment of experienced advisers, there were 86 advisers as at 8 August 2012 including ClearView's employed advisers, franchised advisers and aligned advisers
- Independent Financial Advisers (IFAs). ClearView holds distribution agreements with financial advisers (with their own AFSL or part of a third party dealer group) who access ClearView branded financial products. At 2 August 2012, ClearView had access to over 2,000 financial advisers and 27 approved product lists
- strategic partners. ClearView holds exclusive distribution agreements, via its financial advice business, with Bupa Australia, seven credit unions and two sports associations. These agreements provide access to over 3 million Australians. Bupa Australia is ClearView's largest strategic partner with a 10 year distribution agreement (currently 8 years remaining) to sell life insurance products and provide referrals to ClearView financial advisers.

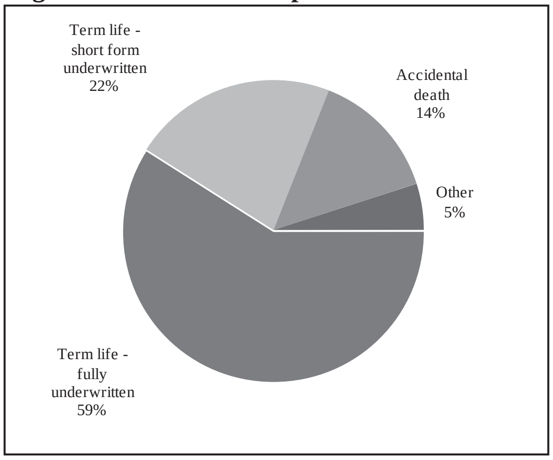
As previously noted, LifeSolutions and WealthSolutions were introduced in December 2011, creating a suite of new life and wealth management products to further penetrate the financial adviser market, improve the product and service offering for ClearView financial advisers, and significantly broaden the Company's exposure to the life insurance and wealth management markets.

We set out a brief description of ClearView's life insurance, wealth management and financial advice businesses below.

9.2.1 Life Insurance

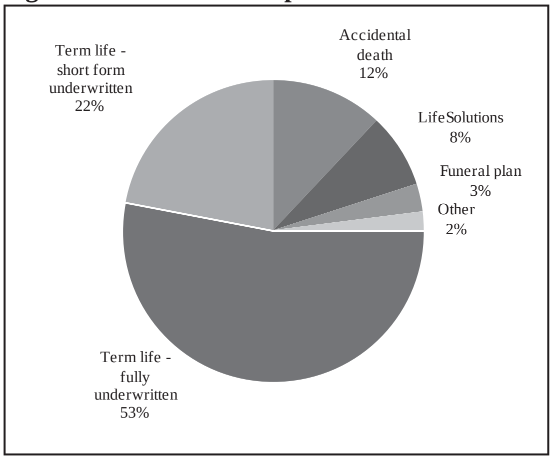
ClearView provides life insurance cover and operates as a specialist life protection business that encompasses the manufacture and distribution of life protection products. It receives premium income in exchange for undertaking the risk of a claim made under the life policy upon the occurrence of a specified event (such as death, injury or disability caused by accident or illness). Products sold include term, total and permanent disability, critical illness and income protection products. The majority of ClearView's life insurance products are fully underwritten and short form underwritten term life policies making up over 70 percent of total in-force premium in FY11 and FY12 as set out in the figures below.

Figure 8 : FY11 in-force premium mix



Source: ClearView FY11 Investor Presentation

Figure 9 : FY12 in-force premium mix



Source: ClearView FY12 Investor Presentation

The life insurance business' operating performance can be summarised in the following table of key performance indicators since 2010.

Table 3: Life insurance operating performance

$m	1H FY11	2H FY11	1H FY12	2H FY12
In-force premium	41.3	41.0	40.0	44.1
Net premiums	18.7	17.9	18.1	20.0
Net claims incurred	7.1	7.5	4.1	6.0
New business	1.1	0.6	0.7	4.5

Source: ClearView Annual and Half Year Reports and Investor Presentations

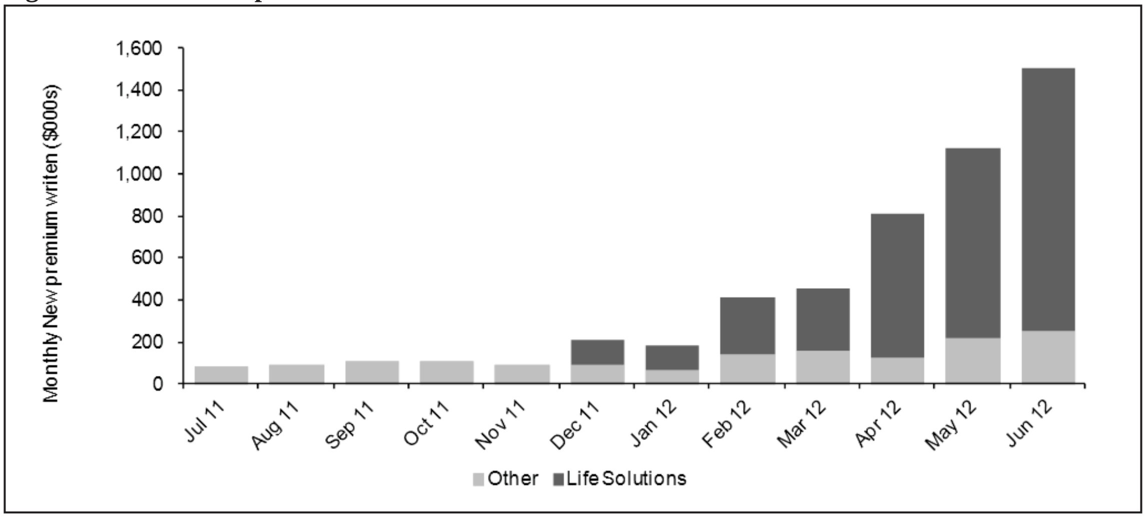
In relation to the above we note:

- the value of in-force premiums increased in FY12 predominantly due to the new business gained from the introduction of the LifeSolutions product suite
- net claims incurred in FY12 were approximately 26.5 percent of net premiums, notably lower than FY11 of 39.9 percent. As advised by management, the large favourable net claims experience largely reflects ClearView's present scale of operation.

With the aforementioned launch of LifeSolutions in December 2011, it is expected ClearView's distribution of its life products will provide future growth in new business as the advice insurance market (representing 55 percent of the risk market[20]) is substantially larger than the direct insurance market (11 percent of the risk market). Whilst in the early stages of development, the impact of LifeSolutions (in conjunction with its expanded distribution network) on new premium growth up to June 2012 can be observed in the figure below.

[20] Based on $10 billion total inflows (Plan For Life "Life Insurance Risk Premium Inflows & Sales for Year ended September 2011").

Figure 10 : FY12 new premiums written



Source: ClearView 2012 Annual Report

9.2.2 Wealth Management

Historically, ClearView's wealth management business earned management fee revenue on life investment contracts issued by ClearView. In this business model the benefit of the insurance contract was linked to the market value of the investments held in the investment-linked fund, with the policy owner solely holding the risk of the investment performance.

Following the launch of WealthSolutions in December 2011, ClearView offers investment products through a wrap platform for superannuation, retirement income and IDPS accounts. The investment products available on the wrap platform include over 250 managed funds, ASX listed securities, term deposits, seven new ClearView managed funds and four ClearView run model portfolios. In creating WealthSolutions, ClearView expects to grow FUM as well as providing an in-house investment product for the ClearView dealer group.

The wealth management business derives its revenues largely from management fees based on FUM, with approximately 97 percent of ClearView's FUM[21] held under the life investment contracts for superannuation, retirement and pension accounts. A range of management fees are charged depending on which fund the assets are invested with. In addition, it charges ongoing administration fees for investing in ClearView trusts while paying commissions and/or an internal advice fee to financial advisers for recommending ClearView's financial products.

[21] Based on FY12 FUM.

Set out in the table below is a summary of ClearView's FUM and FUM net flows between 1H FY11 and 2H FY12.

Table 4: Wealth management operating performance

$	Units	1H FY11	2H FY11	1H FY12	2H FY12
FUM	billion	1.6	1.5	1.4	1.4
FUM net flows[1]	million	-87	-60	-90	-69
Fee revenue	million	17.4	16.7	15.5	14.9

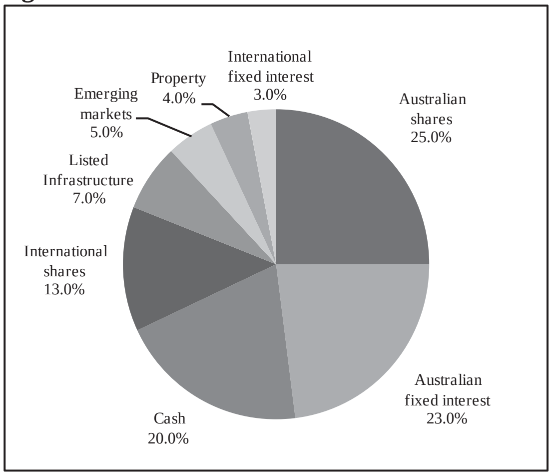
Source: ClearView Investor Presentation
Notes: 1) FY11 Wealth management FUM was restated to include FUM from retail unit trusts

In relation to the table above, we note:

- net outflows in FUM reflects continuing negative consumer sentiment towards weak investment markets and delayed retirement, though the introduction of WealthSolutions is expected to reduce net outflows
- superannuation, pension and rollover related FUM represents the majority of ClearView FUM with approximately 88 percent of FY11 and 86 percent of FY12 FUM.

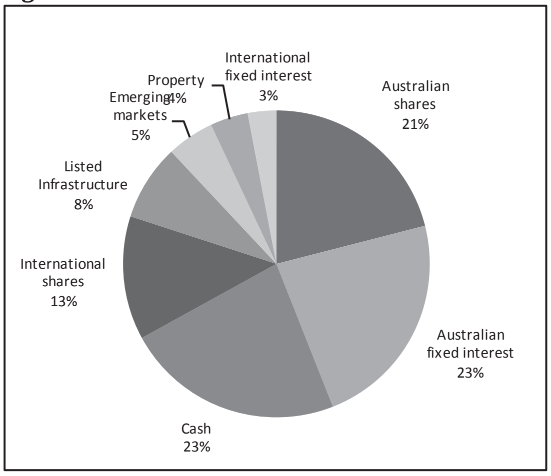
ClearView's FUM is invested across eight wholesale funds which in turn, are invested with a broad range of investment managers with exposures to a diversified selection of Australian and international fixed income, equities and property investments. Set out in the figures below is ClearView's invested asset mix at FY11 and FY12.

Figure 11: FY11 asset mix



Source: ClearView Investor Presentation

Figure 12 : FY12 asset mix



Source: ClearView Investor Presentation

ClearView's invested asset mix in FY12 remained broadly similar to FY11 predominantly due to ClearView's focus on superannuation, rollover and pension clientele which have a high proportion of their funds invested in cash and bonds that are subject to less risk. These asset classes also have a lower volatility impact on FUM.

9.2.3 Financial Advice

The financial advice segment of ClearView provides financial advice services to individuals and customers of member based organisations, offering its clients various life insurance and wealth management solutions.

As at 8 August 2012, ClearView's network of financial advisers consisted of:

- 27 (28 at 31 December 2011) employed advisers. These advisers are directly employed by ClearView and are remunerated on a salary and bonus basis. All fees and commissions generated from selling the product is retained by ClearView
- 17 (17 at 31 December 2011) franchisee advisers. These advisers operate their own businesses utilising the ClearView AFSL as part of the ClearView dealer group. The franchisees receive a share of commissions from ClearView based on an agreed fixed and/or variable component of revenues received depending on the adviser and volumes the business generated as well as rebates on some FUA
- 42 (12 at 31 December 2011) aligned advisers. These advisers operate separately from ClearView but use ClearView's AFSL. ClearView receives no net margin from these advisers (although it does receive some cost recoveries) and relies purely on the ClearView financial products sold by these advisers to generate income. These advisers have been aligned to ClearView's interests through participation in the Executive Share Plan (ESP), refer section 9.5.2 for further details.

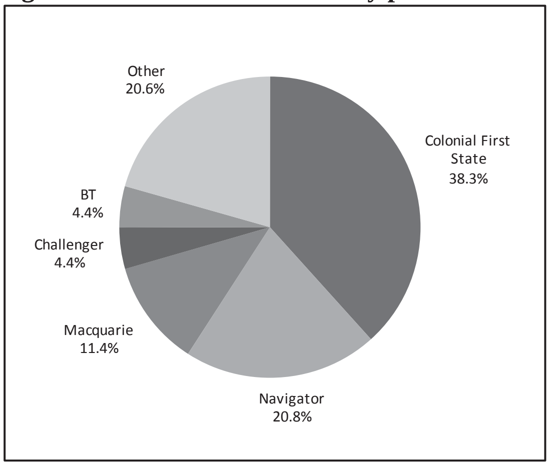
Following the creation of the LifeSolutions and WealthSolutions product suites, ClearView has been focused on increasing the number of aligned advisers to expand its distribution network. It also has an existing exclusive distribution alliance agreement (with eight years currently remaining) to distribute life products to Bupa Australia's customer base and referring their members to ClearView financial advisers for advice based financial products. ClearView pays commissions for the sale of non-advice life products and provides a share of fees with regards to the referrals made.

The financial advice business earns revenues from several key sources:

- fees and commissions: Fees and commissions are generated from investments and life insurance products, charged as a trailing commission based on FUA. Upfront fees are based on a fee-for-service model. Fees and commissions represent the majority of ClearView financial advice revenue
- rebates from platform providers: These fees are based on a percentage of FUA. ClearView receives rebate revenues predominantly from Colonial First State and Navigator
- cost recoveries and service fees: Franchisees and aligned advisers may pay a fixed annual fee for services provided by the ClearView dealer group.

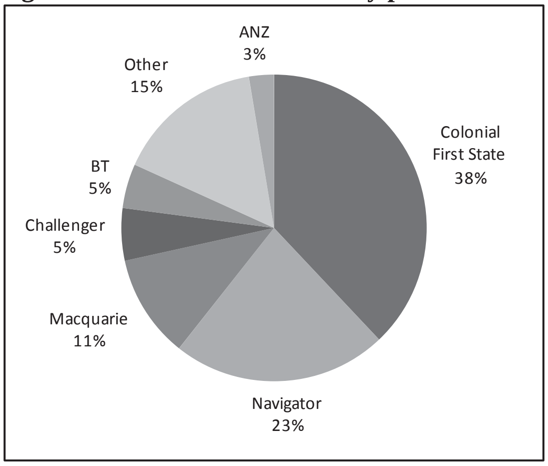
Over 84 percent of FUA is invested on platforms provided by the major banks and asset managers as set out in the figures below for FY11 and FY12.

Figure 13: FY11 external FUA by platform



Source: ClearView Investor Presentation

Figure 14: FY12 external FUA by platform



Source: ClearView Investor Presentation

In relation to the figures above, we note:

- the composition of platform providers is relatively constant over time
- the top three platforms hold approximately 64.3 percent of ClearView external FUA with Colonial First State representing the greatest portion of FUA by platform, followed by Navigator ((NAB)/MLC) and Macquarie.

The operating performance of ClearView's financial advice business unit is influenced by the change in external FUA and FUA net flows as set out in the table below.

Table 5: Financial advice operating performance

$	Units	1H FY11[1]	2H FY11[2]	1H FY12[3]	2H FY12
FUA (external)	billion	1.5	1.4	1.4	1.5
FUA net flows (external)	million	26	5	2	-8

Source: ClearView Half Year Investor Presentation 2011 and 2012
Notes: 1) inclusive of retail unit trust net outflows
2) retail unit trust excluded in FUA net flows and FUA
3) net flows only include Colonial First State and Navigator which represent 64 percent of total FUA

In relation to the table above, we note:

- as previously noted, on and after 2H FY11 the operations associated with the retail unit trusts were reclassified into the wealth management business unit
- fee margins have been negatively impacted by lower employed adviser FUA levels and a change in the mix of business.

9.3 Financials

9.3.1 Historical financial performance

Set out in the table below is the audited consolidated income statements of ClearView for FY11 and FY12.

Table 6: ClearView consolidated income statements

$million	FY11	FY12
Premium revenue from insurance contracts	40.3	40.9
Outward reinsurance expense	(3.8)	(2.8)
Net life insurance premium revenue	**36.5**	**38.1**
Fee and other revenue	45.7	43.5
Investment income	53.8	61.6
Operating revenue before net fair value gains on financial assets	**136.0**	**143.2**
Net fair value gains / (losses) on financial assets	89.1	(2.7)
Net operating revenue	**225.1**	**140.5**
Claims expense	(17.6)	(11.5)
Reinsurance recoveries revenue	3.0	1.4
Change in life insurance policy liabilities	0.6	19.6
Change in reinsurers' share of life insurance liabilities	(0.2)	(0.2)
Change in life investment policy liabilities	(122.0)	(47.0)
Depreciation and amortisation expense	(7.8)	(7.7)
Commission expense	(5.4)	(9.9)
Other operating expenses	(48.4)	(46.3)
Loss from disposal of property, plant and equipment	0.0	(0.5)
Movement in liability of non-controlling interest in controlled unit trusts	(12.6)	(1.5)
Profit before income tax	**14.7**	**36.9**
Income tax expense / (benefit)	6.0	14.6
Net profit after tax (NPAT)	**8.7**	**22.3**
Number of shares outstanding - weighted average (million) – basic	*409.3*	*409.3*
Number of shares outstanding - weighted average (million) – diluted	*428.9*	*434.1*
Earnings per share from continuing operations(cents) - basic	*2.12*	*5.46*
Earnings per share from continuing operations(cents) - diluted	*2.10*	*5.24*

Source: ClearView audited Annual Report 2011 and 2012

Whilst we have outlined the statutory results in the table above, we have also outlined ClearView's financial performance by business unit in the following table.

Table 7: Operating performance by segment

$million	FY11	FY12
Underlying NPAT		
Life insurance	9.0	11.1
Wealth management	11.0	7.5
Financial advice	(1.2)	(0.6)
Listed entity/other	0.5	1.2
Underlying NPAT	**19.3**	**19.2**
Amortisation	(7.4)	(6.8)
Policy liability discount rates effect	(0.6)	13.9
Restructure and transition	(4.3)	-
Income tax effect	1.7	(4.0)
Reported NPAT	**8.7**	**22.3**
NPAT margins		
Life insurance	*24.6%*	*29.3%*
Wealth management	*33.1%*	*24.8%*
Financial advice	*nmf*	*nmf*
Listed entity and other	*31.3%*	*50.7%*

Source: ClearView FY11 and FY12 Investor Presentation
Note: nmf – not meaningful

In relation to table above, we note:

- on 1 July 2011 an internal advice fee paid by the wealth management business to the financial advice business was restructured resulting in the wealth management business segment paying a 50 basis point trail commission to the financial advice segment for the in-force portfolio of wealth management products under advice. Previously, a 5 percent upfront and 10 basis point trail fee was paid to the financial advice segment
- life insurance NPAT increased by 23.3 percent in FY12 predominantly as a result of a decrease in claims expense partially offset by lapse losses (which improved in during the course of FY12) and a 7.6 percent increase in in-force premium. In-force premiums (and new business) have increased due to the launch of the LifeSolutions product in December 2011. This is reflected in the improved NPAT margins from 24.6 percent in FY11 to 29.3 percent in FY12
- wealth management NPAT declined by 31.8 percent largely reflecting the decline in fee margin of $3.2 million as well as a higher effective tax rate compared to FY11. This decrease in fee revenue has resulted from a amongst other factors, declining FUM due to poor investment market conditions being partially offset by continuing superannuation account inflows. This has resulted in a decline in the NPAT margin from 33.1 percent in FY11 to 24.8 percent in FY12
- financial advice net loss after tax has improved on FY11 largely due to cost savings from a restructuring which commenced in August 2011. Net FUA inflows remained constant despite the increase in advisers as that increase involved life insurance focused advisers (who advised on over $29 million of in-force life insurance premiums)
- the listed entity NPAT reflects the increase in interest income derived from the transfer of additional statutory capital held on the life balance sheet to the listed entity during FY11

- the policy liability discount rates effect (as required by accounting standards) relates to a 2 percent decrease in the long-term market based discount rate assumed during FY12
- restructuring and transition costs in FY11 relate to a restructure in the financial advice business during August 2011 while the transition costs relate to the costs payable to Bupa Australia prior to migration off Bupa Australia infrastructure and post-acquisition employee termination related costs.

9.3.2 Financial position

Set out in the table below is the:

- consolidated balance sheets of ClearView at 30 June 2011 and 2012
- the shareholder balance sheet as at 30 June 2011 and 2012 which excludes the life investment contracts and deconsolidates the retail unit trusts.

Table 8: ClearView consolidated balance sheets

	Consolidated		Shareholder	
$million	**30 June 2011 Audited**	**30 June 2012 Audited**	**30 June 2011 Unaudited**	**30 June 2012 Unaudited**
Cash and cash equivalents	185.8	193.4	100.0	33.0
Investments	1,417.7	1,178.8	-	-
Receivables	7.2	9.6	6.2	6.1
Fixed interest deposits	22.0	92.0	22.0	92.0
Reinsurers' share of life insurance policy liabilities	2.4	1.9	-	-
Deferred tax asset	24.3	14.4	12.0	4.0
Property, plant and equipment	1.3	1.8	1.3	1.8
Investment in associate	0.1	0.1	-	-
Goodwill	4.9	4.9	4.9	4.9
Other intangible assets	51.9	49.2	51.9	49.2
Total assets	**1,717.6**	**1,546.1**	**198.1**	**190.9**
Payables	11.6	12.7	8.0	7.4
Current tax liabilities	0.0	0.5	-	-
Provisions	5.0	2.7	5.0	4.0
Provision for deferred consideration	0.7	0.0	-	-
Life insurance policy liabilities	(62.7)	(83.7)	(62.7)	(83.7)
Life investment policy liabilities	1,367.9	1,219.1	-	-
Liability to non-controlling interest in controlled unit trusts	147.0	131.1	-	-
Deferred tax liabilities	0.2	0.4	-	-
Total liabilities	**1,469.6**	**1,282.8**	**(49.7)**	**(72.3)**
Net assets	**248.0**	**263.3**	**248.0**	**263.3**
Issued capital	276.6	276.6	276.6	276.6
Retained losses	(29.6)	(15.0)	(29.6)	(15.0)
Reserves	1.0	1.7	1.0	1.7
Total equity	**248.0**	**263.3**	**248.0**	**263.3**

Source: ClearView audited Annual Report 2011 and 2012

ClearView reports a consolidated balance sheet for statutory reporting purposes and a shareholder balance sheet (net of life investments contracts and retail unit trusts) in order to reflect the shareholder’s net ownership of assets and liabilities of ClearView.

In relation to the table above, we note:

- total assets largely comprise of investments held by ClearView to meet its policy liabilities. Policy liabilities relate to life insurance policies underwritten by the life insurance business while the life investment policy liabilities relate to the wealth management business
- investments comprise of equity securities, debt securities and property valued at fair value. Securities are valued at fair value using the last bid price
- in FY12, the assets held on the shareholder balance sheet are predominantly cash and intangibles comprising of software and acquired client books (representing the in-force premium and investment contracts and the value of the existing financial advice and funds management revenues). Other balance sheet items consist of working capital held for operations
- changes to proposed APRA capital standards taking effect on 1 January 2013 are not expected to have a material impact on the capital position
- ClearView holds no debt
- net tangible assets approximated $0.515 per share as at 30 June 2012.

9.3.3 Statement of cash flows

Set out in the table below are the audited consolidated cash flow statements for ClearView for FY11 and FY12.

Table 9: ClearView consolidated cash flow statements

$million	FY11	FY12
Receipts from client and debtors	353.1	440.5
Payments to suppliers and other creditors	(75.4)	(66.8)
Withdrawals paid to life investment clients	(427.9)	(557.5)
Dividends and trust distributions received	21.5	18.7
Interest received	27.7	25.7
Income taxes paid	(1.9)	(3.1)
Other receipts	-	(0.3)
Net cash flows from operating activities	**(102.9)**	**(142.9)**
Net cash movement due to subsidiary acquisition	(9.7)	-
Payments for investment securities	(3,241.0)	(1,920.2)
Proceeds from sales of investment securities	3,384.3	2,168.8
Acquisition of property, plant and equipment	(0.4)	(1.6)
Acquisition of capitalised software	-	(4.3)
Transaction costs paid	(1.2)	0.0
Fixed interest deposits (invested) / redeemed	(21.7)	(65.7)
Loans granted to related entities	-	(0.3)
Acquisition of client book / business	(0.4)	0.0
Settlements made against deferred consideration	(1.1)	(0.6)
Loans redeemed from / (made to) associate	0.1	-
Net cash flows from investing activities	**108.9**	**176.0**
Net movement in liability of non-controlling interest in unit trusts	(17.3)	(18.1)
Repayment of ESP loans	-	0.2
Dividends paid	-	(7.7)
Net cash flows from financing activities	**(17.3)**	**(25.6)**
Net (decrease) / increase in cash and cash equivalents	(11.3)	7.5
Cash and cash equivalents at the beginning of the financial year	197.1	185.8
Cash and cash equivalents at the end of the financial year	**185.8**	**193.4**

Source: ClearView audited Annual Report 2011 and 2012

In relation to the table above, we note the statement of cash flows largely reflects movements in policyholder and investor funds.

9.3.4 Embedded value

A common value measure of existing business used in the insurance and wealth management industries is embedded value. It comprises the “value of in-force” (reflecting the present value of projected future cash flows, including releases of supporting capital emerging from the in-force book of business) plus the “adjusted net worth” (the net assets in excess of the capital included in the value of in-force calculation). Importantly, we note that, by definition, the embedded value does not incorporate any allowance for new business which may be written as a result of investment in new products or new distribution channels. Therefore, embedded value, of itself, does not necessarily reflect an estimate of the value of the underlying business operations.

The discount rate adopted for the value of in-force calculation is intended to reflect a market risk adjusted discount rate that reflects the average investor's current market yield demands underlying the price that similar, comparable assets are exchanged in the market place. In particular the discount rate should reflect a cost of risk consistent with the supporting capital. In this regard, the supporting capital adopted in the valuation of the in-force calculation is based on an assessment of economic capital which, as a minimum is equal to regulatory capital.

ClearView reports a separate value of in-force business for each business unit and reports a single “adjusted net worth” for the combined group (representing the net assets across all entities less the sum of the supporting capital for life, wealth and financial advice).

ClearView updates the embedded value of its business segments on a half yearly basis. We set out in the table below the embedded value at 30 June 2011 and 30 June 2012.

Table 10: Embedded value

$million	30 June 2011	30 June 2012
Life insurance	101	109
Wealth management	46	36
Financial advice	39	22
Net worth	73	98
Total	**259**	**265**

Source: ClearView FY12 Results Presentation

In relation to the table above, we note:

- ClearView do not ascribe a value to imputation credits (or tax credits) in their embedded value calculation. Management have estimated these credits provide a potential value of $36 million
- the embedded value of each business unit is discussed below.

9.3.4.1 *Life insurance business unit*

The embedded value of the life insurance business is based upon a number of actuarial assumptions as summarised below:

- Discount rate: 11.0 percent per annum
- Maintenance expense and inflation. The per policy maintenance expense assumptions were based on the per policy unit costs implied by ClearView’s 2013 business plan excluding short term growth and development costs (2011: Based on the 2012 business plan). Expense inflation of 2.5 percent per annum (2011: 2.5 percent per annum) was assumed
- Lapses. Rates adopted vary by product, duration, age and premium frequency, and were based on an analysis of ClearView’s experience over recent years with allowance for expected trends

- Mortality. Rates adopted vary by product, age, gender, and smoking status and have been based on ClearView's mortality experience. The underlying mortality table used was IA95-97[22], including allowance for selection
- Morbidity (TPD and trauma). Rates adopted vary by age, gender, and smoking status and have been based on known industry experience plus advice from ClearView's reinsurers
- Future premium rates
- Earning rates. Earning rates on capital allocated to each business unit
- Capital base. The capital allocated to each business unit comprises the regulatory capital required to be held pursuant to APRA requirements.

9.3.4.2 *Funds management and financial advice business units*

A summary of the key actuarial assumptions for valuing the funds management business unit is set out below:

- Discount rate: 12.75 percent per annum.
- Maintenance expense and inflation. The per policy maintenance expense assumptions were based on the per policy unit costs implied by ClearView's 2013 business plan excluding short term growth and development costs and growth overruns (2011: Based on the 2012 business plan). Expense inflation of 2.5 percent per annum (2011: 2.5 percent per annum) was assumed
- Definition of in-force. FUM is projected to the expected expiry. Therefore fees expected on anticipated additional investments (to the contract) and rollovers of the contract to new accounts are not included in the value of in-force.
- Capital base. Regulatory capital plus target surplus.

9.4 Directors and Board composition

The ClearView board comprises seven directors, with four independent directors, two non-independent directors and the managing director. Set out in the table below is a summary of the Directors of ClearView at 30 June 2012.

[22] Developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1995 to 1997.

Table 11: Directors of ClearView

Name	Position	Appointment date
Ray Kellerman	Independent Non-executive Chairman	April 2007
Anne Keating	Independent Non-executive Director	November 2010
Anthony Eisen	Non-executive Director	November 2007
David Goodsall	Independent Non-executive Director	June 2010
John Murphy	Non-executive Director	June 2010
Michael Jefferies[1]	Alternate Director	July 2011
Simon Swanson	Managing Director	March 2010
Susan Thomas	Independent Non-executive Director	November 2010

Source: ClearView Annual Report 2012
Notes: 1) Michael Jefferies was appointed a Director in November 2008 and resigned on 27 July 2011 and was appointed an alternate Director to Anthony Eisen on the same day.

We note major shareholders (refer below) Guinness Peat Group (GPG) and Investec Wentworth Private Equity (Investec) have each appointed a director to the board. Each of these appointments are considered to be non-independent directors. GPG appointed Mr Anthony Eisen to the board of directors, with Mr Michael Jefferies acting as his alternative director while Investec appointed Mr John Murphy as its representative to the board.

9.5 Capital structure

9.5.1 Shares on issue

At 8 August 2012, ClearView had 445,037,192 fully paid ordinary shares (including 35,725,000 shares issued under the ESP (refer Section 9.5.2)) on issue held by 2,334 shareholders. Substantial shareholders at 8 August 2012 are set out below.

Table 12: Substantial shareholders at 8 August 2012

Rank	Name	No of shares	% of issued capital
1	GPG	210,699,272	47.84%
2	CCP BidCo and its Associates[23]	54,221,364	12.31%
3	Investec Wentworth Private Equity (Investec)	31,750,592	7.21%
4	Paradice Investment Management Pty Ltd	27,178,246	6.17%

Source: ClearView Annual Report 2012

In the absence of the Offer, and excluding CCP BidCo’s 12.31 percent interest in ClearView, the top three shareholders own approximately 61 percent of the shares on issue, the largest of which is GPG with 47.8 percent of the total shareholding.

ClearView’s shareholding is tightly held with over 93 percent of the shares on issue being held by less than 6.0 percent of total shareholders as outlined in the table below the spread of shareholders at 30 June 2012.

[23] A relevant interest pursuant to the put and call option deeds and standstill agreements executed in conjunction with the Offer and including the shareholding of Investec.

Table 13: Spread of shareholders at 8 August 2012

Range	Shareholders	Shares	% of issued capital
1 - 1,000	292	97,037	0.02%
1,001 - 5,000	735	2,316,205	0.52%
5,001 - 10,000	423	3,365,568	0.76%
10,001 - 100,000	755	22,113,566	4.97%
100,001 and over	129	417,144,816	93.73%
Total	**2,334**	**445,037,192**	**100%**

Source: ClearView Annual Report 2012
Note: Unmarketable parcels (less than 1,000 shares) are held by 252 shareholders amounting to 66,880 shares on issue

We also understand that many of ClearView shareholders in the 100,000 shares and above category are aligned financial advisers and employees.

9.5.2 Executive share plan

ClearView operates the ESP for eligible participants as a compensation plan to incentivise its employees. Those eligible to participate in the ESP are defined in the ClearView ESP rules as employee participants and contractor participants (being aligned financial advsers), but not non-executive directors of ClearView and its associated bodies corporate (Eligible Employees).

In accordance with the provisions of the ESP[24], Eligible Employees may be issued parcels of ordinary shares[25] at an issue price as defined under the ESP, which will generally be at or around the market price of ClearView shares at the time of issue.

Set out in the table below is a summary of total shares issued to Eligible Employees under the ESP as at 30 June 2012.

[24] Approved by shareholders at the Annual General Meeting held on 7 October 2009.

[25] Rank equally to issued shares.

Table 14: Total shares issued to Eligible Employees under the ESP at 30 June 2012

Series	Number of shares	Class of shares	Grant date	Issue and Exercise price $	First vesting date	Final exercise date
Series 6	500,000	Ordinary	30/06/2008	0.589	30/06/2008	30/06/2013
Series 7[A]	3,000,000	Ordinary	29/09/2009	0.488	23/10/2009	29/09/2014
Series 10	2,000,000	Ordinary	25/06/2010	0.500	26/03/2011	26/03/2015
Series 11	4,000,000	Ordinary	25/06/2010	0.580	26/03/2012	26/03/2015
Series 12	4,000,000	Ordinary	25/06/2010	0.650	26/03/2013	26/03/2015
Series 13	400,000	Ordinary	25/06/2010	0.533	1/06/2013	1/06/2015
Series 14[B]	1,000,000	Ordinary	25/10/2010	0.500	1/10/2013	1/10/2015
Series 15	3,000,000	Ordinary	1/07/2011	0.500	1/07/2014	1/07/2016
Series 16	3,950,000	Ordinary	1/09/2011	0.500	1/09/2014	1/09/2016
Series 17	2,150,000	Ordinary	1/03/2012	0.500	1/03/2015	1/03/2017
Series 18	2,500,000	Ordinary	10/02/2012	0.500	10/02/2015	10/02/2017
Series 19	600,000	Ordinary	15/03/2012	0.500	15/03/2015	15/03/2017
Series 20	700,000	Ordinary	3/04/2012	0.500	3/04/2015	3/04/2017
Series 21	2,325,000	Ordinary	7/05/2012	0.500	7/05/2015	7/05/2017
Series 22	1,000,000	Ordinary	29/06/2012	0.500	29/06/2015	29/06/2017
Total	**31,125,000**					

Source: ClearView Annual Report 2012

Notes: Series 6 to 11 have already vested. We note with regards to the other ESP Series, the following vesting conditions; Series 18 – 4 years and 346 days from the date of issue and achievement of specific sales target; Series 19 – 4 years and 346 days from the date of issue and achievement of specific sales target; Series 20 – 5 years from the date of issue and achievement of specific sales target; Series 21 – 4 years and 347 days from the date of issue and achievement of specific sales target; Series 22 – 5 years from the date of issue and achievement of specific sales target

Note A: 500,000 shares originally allocated to Series 7 were reallocated to senior management and formed part of Series 16

Note B 2,000,000 shares originally allocated to Series 14 were reallocated to senior management and formed part of Series 17 and Series 22

In addition to those ESP shares issued to Eligible Employees as set out in the ClearView Annual Report for the year ended 30 June 2012, we note that on 6 August 2012, ClearView issued 4.6 million shares under the ESP. These shares were issued to contractor participants at an issue price of $0.54 per share. Accordingly, at the date of this report, total shares held pursuant the ESP amounted to 35,725,000, comprising 24,000,000 ESP shares held by employee participants and 11,725,000 ESP shares held by contractor participants.

9.5.2.1 *Limited recourse loan*

The Company may provide financial assistance to an employee for the purposes of subscribing for shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the shares, repayable within five years. Interest on these loans is charged at the Reserve Bank of Australia official cash rate plus a margin of 0.25 percent (reset each year in December and June) for the loans provided all shares issued.[26]

The financial assistance will become immediately repayable in the event of "disqualifying circumstances" including failure to meet performance or vesting conditions, or upon cessation of the employee's employment in circumstances defined in the ESP rules. The employee will only be entitled to repay the loan and obtain the benefit of the shares if the applicable vesting conditions and performance conditions are met. Any after-tax equivalent of dividends paid on the ESP shares will be applied to repayment of any outstanding loan.

[26] Excluding series 6 which was charged at 8 percent per annum.

At the date of this report, there was $20.0 million in loans, issued for subscribing for shares under the ESP. Of these loans, $13.9 million is owing by employee participants and $6.1 million is owing by contractor participants. These loans are accounted for as options and held off balance sheet.

9.5.2.2 *Change in control provision*

The ESP rules include an accelerated vesting provision for employee participants in the ESP (but not contractor participants) on a change in control[27]. Unless the terms of a particular grant provide otherwise, all performance conditions and vesting conditions in relation to particular ESP shares will be deemed to have been satisfied if:

- a person who did not control ClearView at the date of issue of the shares gains control of the Company (but only if the person is not itself controlled by another person who controlled the Company at the date of issue); or
- other circumstances occur which the Board determines in its absolute discretion are analogous to a control transaction and justify removal of performance conditions and/or vesting conditions.

“Control” is defined as where a person and its related bodies corporate (as defined in the Corporations Act) together hold more than 50 percent of the ClearView shares then on issue.

9.5.3 Capital commitments and contingent liabilities

ClearView has entered into an agreement with an outsourced service provider for its wrap platform. The fee payable to the service provider is based on a percentage of assets under management on the platform. If the total of these fees are less than $1.05 million at the end of 3 years (November 2014) then ClearView will be liable to make good on the shortfall.

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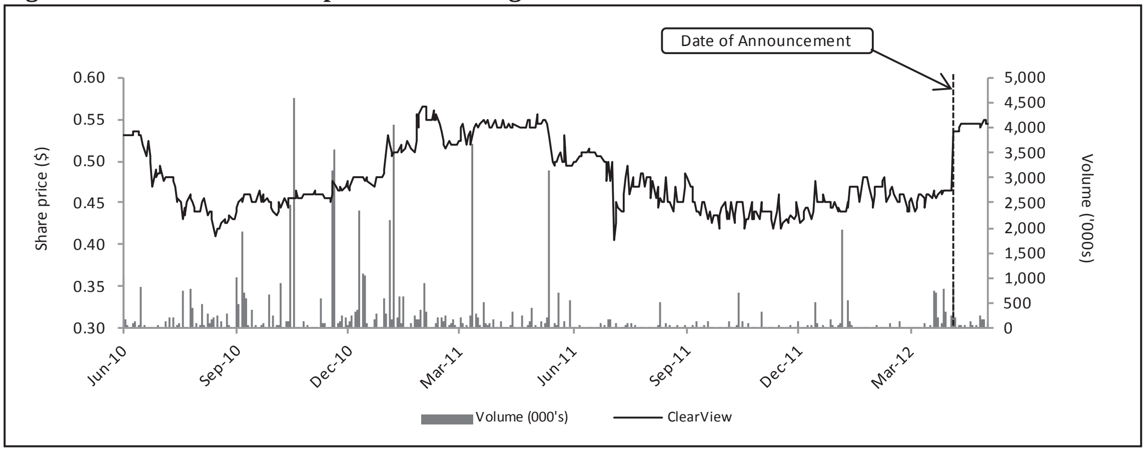
[27] Contractor participant vesting conditions under the ESP are not impacted by a change in control.

9.5.4 Share market performance

We have summarised in the table below the price and trading history of ClearView since it commenced trading under its current name on the ASX on 9 June 2010 to 26 July 2012.

Figure 15: ClearView share price and trading volume



Source: Capital IQ

In relation to the diagram above we note:

- on the day prior to the Initial Announcement Date, ClearView shares closed at $0.465
- in the year prior to the Initial Announcement Date, ClearView has traded in the range $0.405 to $0.515
- the high trading volume reflects largely changes to substantial shareholdings in ClearView's shareholder register. We note, Paradice Investment Management acquired a substantial shareholding in ClearView over various dates between September 2010 to February 2011
- following the Initial Announcement Date, ClearView has traded in excess of $0.54.

9.5.5 Volume weighted average price and liquidity analysis

Set out in the table below is an analysis of the VWAP and historical liquidity of ClearView shares up to the close of trade on 11 July 2012, being the final trading day before the Initial Announcement Date.

Table 15: ClearView's VWAP and liquidity analysis

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
1 week	0.46	0.465	0.464	1.0	2.1	0.5%
1 month	0.44	0.48	0.462	2.1	4.6	1.0%
3 months	0.44	0.49	0.462	2.5	5.5	1.2%
6 months	0.42	0.49	0.454	4.7	10.3	2.4%
12 months	0.405	0.515	0.454	6.9	15.2	3.7%

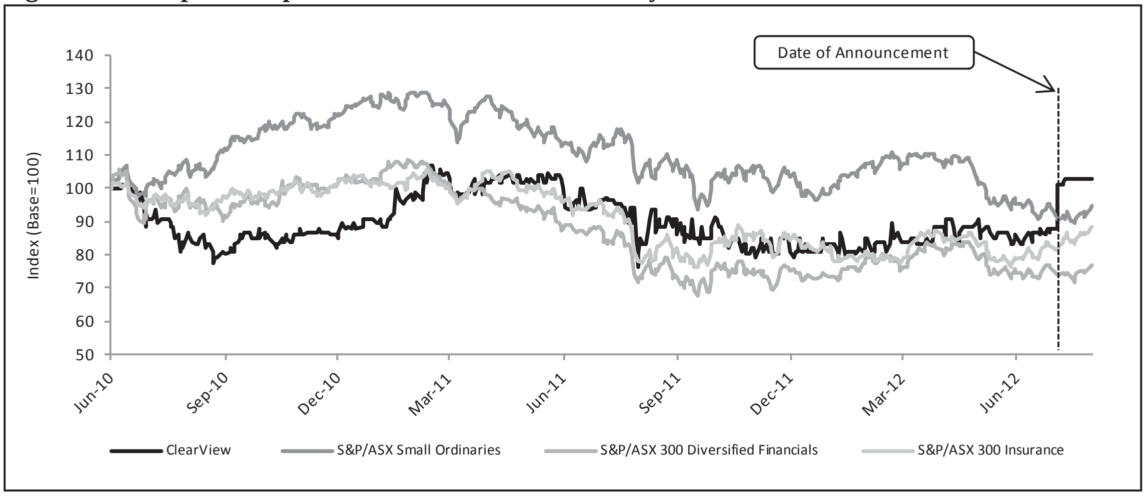
Source: Capital IQ

In relation to the table above, we note ClearView has limited liquidity with less than 5 percent of shares traded in the last 12 months.

9.5.6 Relative price performance

The graph below illustrates a comparison of the trading performance of the ClearView shares with a number of key indices on the ASX since ClearView listing on the ASX on 9 June 2010.

Figure 16: Comparative performance of ClearView to key market indices



Source: Capital IQ

In relation to the figure above, we note:

- we considered the S&P/ASX Small Ordinaries Index (Small Ordinaries Index), the S&P/ASX 300 Diversified Financials Index (Diversified Financials Index) and the S&P/ASX 300 Insurance Index (Insurance Index) to be the most appropriate indices to benchmark ClearView's performance
- since 9 June 2010 until the day before the Initial Announcement Date, the ClearView share price decreased in value by approximately 12 percent, compared with a 9 percent decline for the Small Ordinaries Index, a 26 percent decline for the Diversified Financials Index and an 18 percent decline for the Insurance Index. This suggests that the ClearView share price has outperformed the Diversified Financials Index and the Insurance Index, however its performance is marginally lower than the broader market.
- between the day before the Initial Announcement Date and the Subsequent Announcement Date, ClearView's share price has increased from 0.465 to 0.545, an increase of 17 percent compared to increases of 0.1 percent, 0.7 percent and 4 percent for the Small Ordinaries Index, the Diversified Financials Index and the Insurance Index respectively.

9.5.7 Dividends

For the year ended 30 June 2012, ClearView has declared a final fully franked dividend of 1.8 cents per share (2011: 1.8 cents per share). We note the ex-dividend date is 10 September 2012 and the record date (for payment) is 14 September 2012. Prior to the 2011 dividend ClearView had not paid any dividends to shareholders.

10 Valuation of a ClearView share

10.1 General

This section sets out our assessment of the underlying value of a ClearView share, inclusive of a premium for control. When assessing the value of 100 percent of ClearView, we have only considered those synergies and benefits which would generally be available to a broad pool of hypothetical purchasers. We have not included the value of synergies and benefits that may be unique to CCP BidCo. Accordingly, our valuation of a share in ClearView has been determined regardless of the acquirer.

10.2 Valuation Methodology

In selecting an appropriate valuation methodology, KPMG Corporate Finance has considered the methodologies outlined in RG 111 as detailed in Appendix 3 as well as generally accepted valuation methodologies. The decision as to which methodology to apply generally depends on the nature of the business being valued and the availability of appropriate information.

Having reviewed the methodologies set out in Appendix 3, we consider the most appropriate primary methodology to be adopted in assessing the value of a share in ClearView is the capitalisation of earnings methodology after adjusting for:

- surplus capital
- restructuring / transition costs
- the ESP loan receivable (as appropriate)
- the proposed final FY12 dividend payable by ClearView.

This methodology is preferred as:

- the capitalisation of earnings method is most applicable in circumstances where there is appropriate comparable valuation information available. There are a number of listed companies that operate businesses in the life insurance, wealth management and financial advice and advice industries which are sufficiently similar such that trading multiples are able to be drawn from the market to be applied to an assessment of ClearView's earnings
- the capitalisation of earnings method is an appropriate valuation method where earnings growth is expected
- the value of ClearView is in the ongoing operations of ClearView (with adjustments) rather than from the realisation of value from the assets of the business
- forecast financial information required for a discounted cash flow (DCF) approach is considered to be commercially sensitive by management. Given this, the DCF approach has not been considered appropriate as a primary methodology.

In determining the value of a ClearView share, we have adopted a sum-of-the-parts approach, valuing ClearView's life insurance and wealth management and financial advice business units separately before making any adjustments considered necessary (as outlined above). We consider this appropriate due to the distinctive features and risks of the life insurance industry compared to the wealth management and financial advice industries.

We have assessed a combined value of ClearView's wealth management and financial advice business units due to a large number of wealth management businesses having fully integrated financial advice businesses that have arisen from substantial regulatory changes (including the FoFA reforms) likely to impact the business models of stand-alone financial advsers and dealer groups.

In applying our approach, we have derived the equity value of ClearView by applying an appropriate earnings multiple to the underlying earnings of ClearView's business segments, after adjusting for cost savings which could be delivered through reduced business acquisition costs or generally available synergies through the ownership of 100 percent of ClearView's issued capital, for example listing fees.

In addition to using the capitalisation of earnings methodology, KPMG Corporate Finance has also completed a cross-check by comparing the implied embedded value multiple from our assessed valuation with other comparable companies and transactions.

10.3 Summary of assessed values

We have assessed the underlying value of a ClearView share of between \$0.68 to \$0.74. This assessed value represents the underlying value of 100 percent of ClearView, including a premium for control. Our assessment is detailed in the remainder of this section and summarised in the table below.

Table 16: Summary of assessed values

		Assessed value	
\$m	**Reference**	**Low value**	**High value**
Life Insurance	10.4.4	150.0	165.0
Wealth Management and Financial advice	10.4.4	93.5	102.0
ClearView business units		**243.5**	**267.0**
Add: Surplus capital	10.5	35.0	40.0
Less: Restructuring costs (post-tax)	10.6	(0.5)	(0.5)
Add: ESP shareholder loan receivable	10.7	13.9	13.9
Implied equity value (100%)		**291.9**	**320.4**
Total shares on issue (million)[1]	10.8	433.3	433.3
Assessed value per ClearView share (\$) (pre-dividend)		**\$0.68**	**\$0.74**

Source: KPMG analysis
Note: 1) Includes 24 million shares held by employee participants issued under ClearView's ESP

10.4 Valuation of ClearView business units

10.4.1 Normalised earnings

10.4.1.1 *Selection of earnings measure*

It is common to have regard to a maintainable level of earnings in applying the capitalisation of earnings methodology, which is considered to be the level of earnings below which, in the absence of unforeseen and exceptional circumstances, the income stream is unlikely to fall. The level of maintainable earnings is influenced by a number of factors, including the trend and consistency of historical performance, the stage of development of the business and the extent to which one-off or non-recurring transactions are reflected in the financial statements.

We have selected underlying NPAT as the earnings base for our primary valuation methodology after considering a number of factors specific to the operations of businesses in the life insurance, wealth management and financial advice industry, including:

- participants generally do not require a high level of depreciable assets to operate their businesses and thus there is not likely to be a material difference in the depreciation charge between companies
- participants generally do not have high gearing levels in their business and thus there is not likely to be a material difference in interest charges between companies
- the majority of brokers within the industry use price-to-earnings multiples to value companies within the financial services sector.

10.4.1.2 *Normalised NPAT*

In determining an appropriate level of maintainable earnings for ClearView's business units, we have had primary regard to:

- the historical financial performance of ClearView for FY11 and FY12, incorporating any applicable normalisation adjustments. In this regard we note that while ClearView has disclosed its growth strategy to the market, the strategy has only recently commenced generating positive results for the business. Further, ClearView has made a considerable investment to date, the benefits of which are expected in future periods. Accordingly we have considered this in formulating our valuation range.
- discussions with management in relation to the current performance and future strategy for the business units, including the level of general savings (including synergies) derived from the acquisition of ClearView under a scenario in which the current business is allowed to develop utilising its current product suite but future growth has been restricted
- the outlook for the industry in which ClearView operates, along with the outlook for the domestic and global economies as a whole.

We have based our assessment of ClearView's normalised NPAT on the reported underlying NPAT by business unit for the year ended 30 June 2012. In addition we have discussed with ClearView management the normalisation adjustments which would be necessary to reflect ownership of 100 percent of the issued capital of ClearView and to execute the business strategy as approved by the Board. In summary the adjustments incorporate items such as:

- the removal of all or part of some expected costs, for example some direct marketing costs and senior management expenses
- the removal of general costs which would be available to all acquirers of 100 percent of the issued capital of ClearView, for example listing and associated costs.

Based upon the above, we have estimated the normalised NPAT of ClearView's life insurance and wealth management and financial advice business units as set out below:

Table 17: Normalised NPAT

$millions	Life Insurance	Wealth Management and Financial advice
Normalised NPAT	**15.0**	**8.5**

Source: KPMG analysis, ClearView management, ClearView FY12 Presentation
Note: Tax is assumed to be at the Australian corporate tax rate of 30 percent

10.4.2 Capitalisation multiples

The multiple applied in a capitalisation of earnings methodology should reflect the return expected by an investor in the business. Therefore the selected multiple should reflect amongst other things:

- the diversity of business divisions within the company
- the operational risks of the business
- the growth profile and profitability of the business
- the size of the company
- the nature of the environment in which the business operates.

In selecting the multiple range to be applied, consideration is generally given to:

- recent trading multiples of potentially comparable listed companies
- acquisition multiples implied by recent transactions in the sector
- the differences between the company being valued and the comparable companies.

10.4.2.1 *Comparable company trading multiples*

As indicated above, in forming a view on an appropriate range of multiples with which to value ClearView, we have had reference to the multiples implicit in the current share prices of a number of potentially comparable listed companies across both the life insurance industry as well as the wealth management and financial advice industries.

General comments regarding these comparable companies and the related price to earnings (PE) multiples include:

- the multiples reflect market capitalisation as at 9 August 2012 and publicly available information regarding forecast earnings for each company (where available)
- the historical multiples relate to the latest 12 months (LTM) of reported financials as at 30 June 2012. The forecast multiples relate to the Capital IQ consensus forecast as at 9 August 2012 for the next 12 months (NTM) to the company's reporting date in 2013
- the multiples reflect trading of portfolio interests in the companies, and therefore exclude any premium for control
- the multiples also reflect the value implications of any perceived surplus capital.

The table below summarises the trading multiples of comparable companies in the life insurance and wealth management and financial advice industries. Further information on these companies can be found in Appendix 4.

Table 18: Comparable company multiples

Times	PE multiple LTM	PE multiple NTM
Life Insurance		
- Mean	12.3	9.1
- Median	11.2	9.0
Wealth management and financial advice		
- Mean	11.9	12.0
- Median	13.0	11.5

Source: Capital IQ (data as at 9 August 2012), Company Announcements and Financial Reports

In relation to the table above and the more detailed data set out in Appendix 4, we note:

- of the life insurance comparable companies, we consider AMP's PE multiples to be less comparable as the business is currently in the process of integrating its acquisition of AXA in 2011, with any synergies from the acquisition yet to be fully reflected in its performance (over the LTM or NTM).
- on 13 July 2012, IOOF announced that it had made an off-market takeover offer for Plan B. The offer price represented a premium of 33 percent above the closing share price on 12 July 2012. Therefore, as at 26 July 2012 the traded price would reflect the IOOF offer and incorporate the premium for control implicit in the IOOF offer.

10.4.2.2 *Premium for control*

As noted above, the comparable trading multiples exclude any premium for control[28] that would be required to obtain a 100 percent controlling interest in a listed company. This premium reflects the benefits the acquirer achieves through holding a 100 percent controlling interest in contrast to a portfolio shareholding and even a controlling interest of less than 100 percent, although the level of premium paid in the latter circumstances may be less than otherwise may have been the case.

The benefits of holding a 100 percent controlling interest typically may include:

- full and unfettered access to cash flows of the business, control over dividend decisions and the ability to group tax losses
- control over voting at shareholder meetings and, in particular decisions requiring special resolutions, and composition of the board of directors
- absolute control over the future direction of the company without the need to have regard to prejudicing the interests of minority shareholders
- typical cost savings available to the majority of purchasers.

[28] Above the price at which the shares in the target are trading on ASX prior to the announcement of the takeover bid

In assessing the appropriateness of a control premium to be applied to multiples observed in our comparable company analysis, we note that the premium paid on successful acquisitions may comprise two elements – a ‘pure’ control premium recognising the ability to exert control over the entity being acquired as well as some value of the synergies that may be available to purchasers.

In assessing the appropriate control premium applicable to ClearView, we have considered:

- the median bid premium paid on global transactions across all industries in the 12 months to 31 December 2011 of 37.8 percent[29]
- the average bid premium paid on Australian transactions for the year and 5 years to 30 June 2012 which are set out in the table below[30]

Table 19: Premiums for control on Australian transactions

	Max	Min	Mean	Median
One year to 30 June 2012	171.7%	0.0%	36.8%	28.6%
Five years to 30 June 2012	171.7%	0.0%	37.5%	28.6%

Source: KPMG analysis, Connect4

- that the recent offer from IOOF for Plan B implies a control premium of 33 percent[31].

10.4.2.3 *Comparable company transaction multiples*

The price achieved in mergers or acquisitions of comparable companies provides evidence of an appropriate earnings multiple for ClearView. As the acquisition price of a company reflects the market value of a controlling interest in that company it implicitly incorporates a premium for control. In Appendix 5 we outline a range of acquisitions in the wealth management and financial advice industries that have occurred since June 2009 and summarised in the table below.

Table 20: Comparable transaction multiples

PE multiple LTM (times)	Life Insurance	Wealth management and financial advice
Range	8.4 to 28.8	4.0 to 22.1
Mean	21.2	12.1
Median	23.8	11.1

Source: Capital IQ, Mergermarket, Company Announcements and Financial Reports

In relation to the table above, we note:

- life insurance comparable transactions occurred between 8.4 times to 28.8 times with a mean and median of 21.2 times to 23.8 times respectively
- wealth management and financial advice comparable transactions occurred between 4.0 times to 22.1 times with a mean and median of 12.1 times and 11.1 times historical PE multiples respectively

[29] MergerStat control premium study, Q4 2011.

[30] KPMG analysis using data from Connect4. Average excludes discounts and premiums greater than 200%. Premiums calculated using trading price two days before announcement.

[31] IOOF company announcement, 13 July 2012.

- in particular in the case of the life insurance transactions the multiples are likely to be impacted by the scale of the businesses (both target and acquirer) as well as the extent of the distribution networks being acquired
- some of the transactions, and therefore the implied multiples, may reflect synergistic benefits and/or special value paid by the acquirer over and above what a general acquirer would pay.

10.4.3 Selection of multiple range

Based on the above and including a premium for control, we have applied a PE multiple of:

- between 10.0 times and 11.0 times (on a control basis) to value the life insurance business unit
- between 11.0 times and 12.0 times (on a control basis) to value the wealth management and financial advice business unit.

10.4.4 Assessed value of the ClearView business units

Based on the normalised NPAT and the selected multiple range, we have calculated the implied equity value of the ClearView business units as set out in the table below:

Table 21: Assessed value of ClearView business units

	Implied equity value	
$millions	**Low**	**High**
Life Insurance		
Maintainable NPAT	15.0	15.0
Selected PE multiple	10.0	11.0
Assessed value of Life insurance	150.0	165.0
Wealth management and financial advice		
Maintainable NPAT	8.5	8.5
Selected PE multiple	11.0	12.0
Assessed value of Wealth management and Financial advice	93.5	102.0
Assessed value of ClearView business units	**243.5**	**267.0**

Source: KPMG analysis

10.5 Surplus capital

As at 30 June 2012, ClearView held $66 million in surplus capital[32]. This incorporates $19 million held for LifeSolutions to execute on its business plan and deliver the expected growth in new business volumes (and as such would not be considered generally available for distribution).

We have also considered the potential for capital inefficiency within the ClearView group and the possibility that more capital than expected may be required to execute the ClearView strategy. For the purposes of the valuation we have assumed surplus capital is in the range of $35 million to $40 million.

[32] ClearView FY12 presentation

10.6 Restructuring / transition costs

As in section 10.4.1.2, the cost savings available to a potential acquirer of 100 percent of ClearView incorporate savings as a result of personnel changes/redundancies. Based upon a review of the key management personnel's minimum notice periods as set out in the ClearView FY12 financial statements, we have estimated the post-tax restructuring costs for ClearView to be in the order of $500,000.

10.7 ESP shareholder loan receivable

In considering the value of ClearView on a 100 percent control basis we note that the change of control provisions would result in the ESP shares issued to employee participants automatically vest. At the date of this report, ClearView had 24 million ESP shares issued to ClearView employee participants with an amount owing of $13.9 million.

Should the employees decide to sell the shares, the amount of any ESP shareholder loans would be repayable to ClearView. Therefore, employee ESP shareholders would only adopt such a strategy if the value of their ClearView shares exceeds the "exercise price" of those shares. Therefore, determining the value of a ClearView share may be considered circular in that the assessed value of a share in the issued capital of ClearView will influence whether employee ESP shares are exercised which will in turn impact the value of a ClearView share through the repayment of the employee ESP loans and dilution of the issued capital.

Based upon our assessed value range for a ClearView share (on a control basis) and the exercise prices of the employee ESP shares it would be likely that all employee ESP shares would be exercised. Accordingly, we have incorporated to repayment of the employee ESP shareholder loans of $13.9 million into our valuation of ClearView.

10.8 Number of shares on issue

At the date of this report, ClearView had 409.3 million ordinary shares outstanding and 35.725 million shares issued under the ESP, of which 24.0 million relate to employee ESP shares. For the purpose of the valuation, we have considered the fully diluted number of shares on issue to be 433.3 million.

10.9 Dividend

As outlined in section 9.5.7, a fully franked dividend of 1.8 cents per share has been declared for FY12. As section 9.6 (c) of the Revised Bidder's Statement effectively expresses the Offer in pre-dividend terms we have made no adjustment to our assessed value range of a ClearView share for the dividend declared.

10.10 Valuation conclusion

Based on our analysis as set out above, we conclude that the assessed value of a ClearView share is in the range of $0.68 to $0.74, on a fully diluted, control basis (pre-dividend).

10.11 Valuation cross check

As indicated in section 9.3.4, embedded value is a common value metric in the life insurance and wealth management industries. ClearView have reported an embedded value as at 30 June 2012 of $265 million and an additional value associated with franking credits of $36 million at the same date. As part of our engagement we have requested KPMG Actuarial Pty Ltd (KPMG Actuaries), a wholly owned business of the KPMG Partnership, to consider the range of assumptions underlying Clearview's calculation of its embedded value as at 30 June 2012 as well as the value of franking credits at the same date (we note that KPMG Actuaries have advised us that, in their experience, it is not uncommon to include the value of imputation credits in reported embedded values).

KPMG Actuaries have considered:

- the risk discount rates applied
- assumed capital reserving basis
- assumed investment earning rates
- assumed lapse rates
- assumed expectations of claims experience.

KPMG Actuaries have considered the above assumptions in the context of their own experience as well as information obtained through discussions with ClearView's Chief Actuary. KPMG Actuaries have advised us that, in their opinion, taken as a whole the underlying ClearView's calculation of the embedded value as at 30 June 2012 and the value attributable to franking credits at the same date are within a range which would be considered not unreasonable for a traditional embedded value calculation.

In the context of using ClearView's embedded value as a cross-check to our valuation of the whole of the issued capital of ClearView for the IER, we have also requested KPMG Actuaries to consider the impact on ClearView’s embedded value of the generally available synergies, as provided by management of ClearView, which could be generated through ownership of 100 percent of the issued capital of ClearView. In this regard, the exclusion of generally available synergies has the impact of increasing the embedded value and the value of franking credits.

While we have based our valuation cross-check predominately upon the embedded value and value of franking credits reported by ClearView we have also taken the analysis undertaken by KPMG Actuaries into account in forming our opinion. We have valued 100 percent of the issued capital of ClearView (pre-dividend) in the range of $291.9 million to $320.4 million. These values reflect a range of between 0.97 times to 1.06 times ClearView's embedded value (incorporating franking credits) as calculated below:

Table 22: Implied embedded value multiple

$millions	Low	High
Implied value (100%) - (pre-dividend)	291.9	320.4
Embedded value[1]	301.0	301.0
Implied embedded value multiple	**0.97**	**1.06**

Source: KPMG Analysis, ClearView FY12 Presentation
Note: 1) Embedded value represents ClearView’s assessed embedded value inclusive of franking credits estimated by ClearView to be in the order of $36 million.

We are of the view that the value range we have calculated for ClearView (on a full control basis) is not unreasonable. In forming this view we have considered:

- the trading prices/market capitalisations set out in table 23 as a multiple of embedded values (where available)

- the transactions set out in tables 24 and 25 where embedded value multiples are available (reflecting a range of 0.9 times to 1.6 times)
- press reports in November 2009 that the initial AMP offer for AXA (which was ultimately rejected by AXA) was priced at an embedded value multiple of 1.2 times
- analysis of data relating to AMP's acquisition of the Australian operations of AXA indicating this transaction occurred at an embedded value multiple of 1.3 times.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board and relevant ASIC guidelines. The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin, Diana D'Ambra and Michael Jones. Each has a significant number of years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Offer is in the best interests of ClearView shareholders. KPMG Corporate Finance expressly disclaims any liability to any ClearView shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Target Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Target Statement as a whole or other documents prepared in respect of the Offer.

We note that the forward-looking financial information prepared by the Company does not include estimates as to the potential impact of any future changes in taxation legislation in Australia. Future taxation changes are unable to be reliably determined at this time, we have adopted the company's estimate as to the impact of future taxation changes upon the operations and financial results of the Company in forming our opinion. We however cannot comment as to the reliability of the Company's estimates.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of ClearView for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently. KPMG Corporate Finance was remunerated a fixed fee amount, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, KPMG Corporate Finance has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Target Statement to be issued to the shareholders of Offer. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- ClearView Annual and Half yearly financial statements and presentations
- various ASX company announcements
- various broker and analyst reports
- various press and media articles
- various reports published by IBISWorld Pty Ltd
- various industry reports
- various press releases made by DEXX&R
- Australian Bureau of Statistics
- Rainmaker Group
- Future of Financial Advice Pack, Australian Government
- Plan For Life "Life Insurance Risk Premium Inflows and Sales Year ended March 2012", 12 July 2012
- financial information from Bloomberg, CapitalIQ, Thompson Financial Securities, Aspect Huntley and Connect 4.

In addition, we have had discussions with ClearView management.

Appendix 3 – Overview of valuation methodologies

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business (maintainable earnings) and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on share prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en-bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 4 – Comparable companies

Table 23: Comparable companies

Company name	Country	Market Cap ($millions)	PE Multiple LTM (x)	PE Multiple NTM (x)	PE Multiple FY+2 (x)	Embedded value multiple (x)	FUM ($millions)	Market Cap to FUM (%)
Life Insurance								
AMP Limited	Australia	11,788	17.4x	12.0x	10.5x	0.9x	n/a	n/a
Challenger Limited	Australia	1,834	11.2x	6.4x	6.1x	n/a	29,600	6.2%
Tower Limited	New Zealand	359	8.1x	9.0x	7.9x	0.9x	n/a	n/a
Mean (Life Insurance)			**12.3x**	**9.1x**	**8.2x**	**0.9x**	**29,600**	**6.2%**
Median (Life Insurance)			**11.2x**	**9.0x**	**7.9x**	**0.9x**	**29,600**	**6.2%**
Wealth Management								
Perpetual Limited	Australia	961	13.0x	13.6x	13.5x	n/a	27,800	3.5%
Equity Trustees Ltd.	Australia	110	13.0x	11.5x	10.2x	n/a	20,464	0.5%
Platinum Asset Management	Australia	2,111	15.2x	16.1x	16.1x	n/a	15,143	13.9%
BT Investment Management Limited	Australia	448	16.3x	9.4x	8.9x	n/a	45,800	0.9%
HFA Holdings Limited	Australia	80	6.2x	n/a	n/a	n/a	6,000	1.4%
Hunter Hall International Ltd.	Australia	95	11.1x	n/a	n/a	n/a	1,402	6.8%
Financial advice								
Plan B Group Holdings Ltd.	Australia	49	9.9x	10.6x	9.5x	n/a	2,200	2.2%
WHK Group Limited	Australia	237	8.7x	8.7x	8.1x	n/a	n/a	n/a
IOOF Holdings Limited	Australia	1,392	13.6x	14.1x	13.5x	n/a	106,600	1.3%
Mean (Wealth management and Financial advice)			**11.9x**	**12.0x**	**11.4x**	**n/a**	**28,176**	**3.8%**
Median (Wealth management and Financial advice)			**13.0x**	**11.5x**	**10.2x**	**n/a**	**17,804**	**1.8%**
Total Mean			**12.0x**	**11.1x**	**10.4x**	**n/a**	**28,334**	**3.8%**
Total Median			**12.1x**	**11.1x**	**9.9x**	**n/a**	**20,464**	**1.8%**

Source: S&P Capital IQ (downloaded on 13 August 2012, data as at 9 August 2012), KPMG Corporate Finance Analysis
Note: 1) LTM = Last Twelve Months, NTM = Next Twelve Months, FY = Latest fully-reported Financial Year, n/a = not available, FUM = Funds Under Management
2) Outliers have been shaded and excluded from the calculation of mean and median (where specified)

Descriptions

Life insurance

AMP Limited

- AMP Limited an independent wealth management company, engages in retail banking and investment managing businesses worldwide. The company offers financial advice and advice, superannuation, retirement income, and other investment products for individuals, as well as, superannuation services for businesses and employer-sponsored schemes, income protection, disability, general, and life insurance, and banking products. It manages investments in equities, fixed interest, infrastructure, property, diversified funds, and multi-manager funds, and provides commercial, industrial, and retail property management services. The company serves its customers through advisers, planners, in-house investment professionals, and investment partners.

Challenger Limited

- Challenger Financial Services Group Limited operates as an investment management firm in Australia. The company operates as an issuer of annuities and a provider of listed and unlisted investment products and services to institutional and retail clients. It also provides various investment choices across a range of asset classes and investment styles, as well as operates as an investment manager.

Tower Limited

- Tower Limited provides health, life, and general insurance products primarily in New Zealand. It also offers savings and investment management services, including individually managed account services, retail and institutional fund management services, superannuation schemes, and financial advisory services. In addition, the company provides commercial insurance services in the Pacific Islands.

Wealth management

Perpetual Limited

- Perpetual Limited offers a range of financial products and services in Australia. The company provides funds management, portfolio management, financial advice, trustee, responsible entity and compliance services, executor services, investment administration and custody services, and mortgage processing services.

Equity Trustees Limited

- Equity Trustees provides wealth services and corporate fiduciary and financial services. Wealth services comprises of personal asset management services, including wealth management, trust management, estate planning, executorial, taxation, philanthropic services, and a full service trustee, administration and investment service to employer superannuation funds. Corporate fiduciary and financial services includes a range of services to Australian managed investment schemes, corporate trusts and superannuation schemes including management, facilitation of distribution, responsible entity and trustees roles, compliance and risk management.

Platinum Asset Management

- Platinum Asset Management is a publicly owned investment manager. Platinum managers separate client-focused equity portfolios and mutual funds. The firm invests in global public equity markets, primarily in value stocks.

BT Investment Management Limited

- BT Investment Management Limited operates as a fund manager for retail and institutional clients. BT invests funds across a number of asset classes including equities, fixed income, cash, and alternatives. BT is a subsidiary of Westpac Financial Services Limited.

HFA Holdings Limited

- HFA Holdings Limited a listed Australian holding company for a group of global fund managers. The company comprises two wholly-owned operating subsidiaries – the Australian based Certitude Global Investments Limited and US-based Lighthouse Investment Partners (LLC). HFA offers open-ended products and structured products to retail, wholesale, and institutional investors.

Hunter Hall International Limited

- Hunter Hall International Limited, through its subsidiaries, operates as an investment management company primarily in Australia, the United Kingdom, and Ireland. The company manages four retail trusts, as well as operates as an investment manager for an offshore fund and a listed investment company. It also operates as a trustee for a retail public offer superannuation fund.

Financial advice

Plan B Group Holdings Limited

- Plan B generates approximately 80 percent of its revenues from financial advice and funds management. Approximately 5 percent of revenues are generated in New Zealand. At 30 June 2012 Plan B had $2.06 billion of FUMA. Approximately 80 percent of the FUMA is on platforms. At the date of this report Plan B Group was subject to a takeover offer by IOOF.

WHK Group Limited

- WHK comprises of 20 member firms that provide clients with business services (accounting, tax, audit) and financial services (superannuation, investment, insurance). In FY11 76 percent of revenues were generated by business services and 24 percent by financial services. The company also has operations in New Zealand which generates 14 percent of revenues.

IOOF Holdings Limited

- IOOF Holdings, Ltd. engages in the development, distribution, management, and administration of various financial products and services. It operates through two segments, Wholesale Funds Management, and Retail Funds Management and Administration. The Wholesale Funds Management segment engages in the management and investment of monies on behalf of private, corporate, superannuation, and institutional clients. The Retail Funds Management and Administration segment distributes and administers retail funds, including financial advice and back office services.

Appendix 5 – Comparable transactions

Table 24: Comparable transactions – Life insurance

Close date	Target	Acquirer	Target country	% acquired	Implied equity value ($millions)	PE multiple LTM (x)	Embedded value multiple (x)	FUMA ($millions)
Life insurance								
27-Apr-11	TOWER Australia Group Limited (nka:TAL Limited)	The Dai-Ichi Life Insurance Company, Limited	Australia	71.0%	1,679	19.1	1.4	4,116
9-Jun-10	MBF Life, Ltd. and ClearView Financial Management Limited and Certain Assets of Bupa Australia	MMC Contrarian Limited (nka:ClearView Wealth Limited)	Australia	100.0%	205	28.5	0.9	2,200
21-Oct-08	TOWER Australia Group Limited (nka:TAL Limited)	The Dai-Ichi Life Insurance Company, Limited	Australia	29.7%	1,266	28.8	1.6	3,700
19-Jun-08	Tower Limited	Guinness Peat Group plc	New Zealand	15.3%	368	8.4	n/a	139
Range (Life insurance)						**8.4 to 28.8**	**0.9 to 1.6**	
Mean (Life insurance)						**21.2**	**1.2**	
Median (Life insurance)						**23.8**	**1.2**	

Source: Capital IQ, Mergermarket, publicly available information such as investor presentations and broker reports, KPMG Analysis
Note: 1) LTM = Last Twelve Months, NTM = Next Twelve Months, FY = Latest fully-reported Financial Year, n/a = not available, n.k.a = now known as, FUMA = Funds Under Management, Administration or Advice
2) Outliers have been shaded and excluded from the calculation of mean and median (where specified)

Table 25: Comparable transactions – Wealth management and financial advice

Close date	Target	Acquirer	Target country	% acquired	Implied equity value ($millions)	PE multiple LTM (x)	Embedded value multiple (x)	FUMA ($millions)
Wealth management								
30-Mar-11	AXA Asia Pacific Holdings Ltd.	AMP Limited	Australia	100.0%	13,740	22.1	n/a	73,830
1-Mar-11	Tyndall IM and Tyndall IM NZ	Nikko Asset Management Co. Ltd.	Australia and New Zealand	100.0%	94	9.2	n/a	25,000
1-Dec-09	ING (NZ) Holdings Ltd, ING Australia Pty Ltd	Australia & New Zealand Bank Group Ltd	Australia and New Zealand	39.2%	1,760	11.1	1.2	45,000
1-Nov-09	Goldman Sachs & Partners Australia private wealth management business	National Wealth Management Holdings Limited	Australia	80.1%	124	na	n/a	48,000
30-Sep-09	Aviva Australia Holdings Limited (n.k.a:MLC Wealth Management Limited)	National Australia Bank Limited	Australia	100.0%	825	13.6	1.1	15,700
30-Apr-09	Australian Wealth Management	IOOF Holdings Limited	Australia	100.0%	545	7.9	n/a	75,900
12-May-08	Ord Minnett Management Limited	Australian Wealth Management	Australia	70.0%	119	11.0	n/a	17,500
Financial advice								
TBC	Plan B Group Holdings Ltd.	IOOF Holdings Limited	Australia	100.0%	49	10.7	n/a	2,060
9-Dec-11	Count Financial Limited	Commonwealth Bank of Australia	Australia	100.0%	367	15.9	n/a	6,200
4-Oct-11	DKN Financial Group	IOOF Holdings Ltd	Australia	81.5%	115	15.2	n/a	8,020
17-Mar-10	Officium Capital Limited	Snowball Group Ltd.	Australia	100.0%	4	4.4	n/a	440
1-Apr-09	Next Financial Limited	Wilson HTM Investment Group Ltd.	Australia	100.0%	20	4.0	n/a	1,536
25-Nov-08	Challenger Financial advice	AXA Asia Pacific Holdings Ltd	Australia	100.0%	150	20.5	n/a	7,840
Range (Wealth management and Financial advice)						**4.0 to 22.1**	**n/a**	
Mean (Wealth management and Financial advice)						**12.1**	**n/a**	
Median (Wealth management and Financial advice)						**11.1**	**n/a**	

Source: Capital IQ, Mergermarket, publicly available information such as investor presentations and broker reports, KPMG Analysis
Note: 1) LTM = Last Twelve Months, NTM = Next Twelve Months, FY = Latest fully-reported Financial Year, n/a = not available, n.k.a = now known as, FUMA = Funds Under Management, Administration or Advice
2) Outliers have been shaded and excluded from the calculation of mean and median (where specified)

Descriptions

Life insurance

- On 9 May 2012, Meiji Yasuda Life Insurance Co., a Japanese listed life insurance company, completed its acquisition of an additional 18.0 percent stake in PT Avrist Assurance, a life insurance company based in Indonesia for a total consideration of $99.87 million
- On 27 April 2011, Dai-ichi Life Insurance Company, the Japan listed insurance company, completed its acquisition of the 71.04 percent stake it did not already own in Tower Australia Group Limited, a counterpart listed in Australia
- On 9 June 2010, MMC Contrarian Limited, the listed Australia based funds management company, completed its acquisition of Clear View Retirement Solutions, an Australia based financial services company, and MBF Life, an Australia based life insurance company, from BUPA Australia Health Pty Ltd, the Australian subsidiary of UK based health insurance company BUPA Group, for a consideration of $195 million
- On 9 December 2008, Friends Provident plc, the listed United Kingdom based insurance company, completed its acquisition of a 30.0 percent stake in AmAssurance Berhad from IAG International for a total consideration of $71.96 million. The transaction was conditional on the completion of a the transaction between Insurance Australia Group Limited and AMMB Holdings Berhad. AmAssurance is a Malaysian based company that offers life and general insurance products
- On 21 October 2008, Dai-Ichi Mutual Life Insurance Co, a Japanese listed insurance company, completed the acquisition of a 29.7 percent stake in TOWER Australia Group Limited from the Guinness Peat Group plc for a total consideration of $376.32 million. TOWER Australia Group Limited provides life insurance, funds management, superannuation, financial advice, and investment management services
- On 19 June 2008, Guinness Peat Group plc, a London based investment firm, completed its acquisition of an additional 15.3 percent stake in Tower Limited for a total consideration of $56.37 million. Tower Limited provides health, life, and general insurance products primarily in New Zealand

Wealth management

- On 4 April 2011, Henderson Group plc, a London based financial services company, completed its acquisition of Gartmore Group Limited for a total consideration of $530.19 million. Gartmore Group Limited is based in the Cayman Islands and provides portfolio management, asset management and funds management services to its clients
- On 30 March 2011, AMP Limited completed its acquisition of the Australia and New Zealand businesses of AXA Asia Pacific Holdings Limited. The transaction was conducted via a scheme of arrangement. AXA Asia Pacific Holdings Limited was an insurance and fund management group, and a subsidiary of AXA SA, the listed French financial services group. As part of the transaction

AMP divested all but the Australian and New Zealand businesses effectively paying approximately $4 billion for these businesses

- On 1 March 2011, Nikko Asset Management Co. Ltd, the Japanese investment manager, acquired Tyndall Investment Management Australia Ltd and Tyndall Investment Management New Zealand Ltd, both investment management companies, from Suncorp Metway Ltd, the Australia financial group, for a consideration of up $128.5 million, including $80 million upfront cash, a $5 million access fee, a $30 million option payment in three years time, and $13.5 million for employee equity interests
- On 1 December 2009, Australia and New Zealand Banking Group Limited (ANZ), an Australia based financial services group, completed its acquisition of the remaining 51 percent stakes in ING Australia Limited (INGA), an Australia based financial services company engaged in providing fund management, life insurance and superannuation services, and ING New Zealand Limited (ING NZ), a New Zealand based financial services group that provided investment, banking and insurance services, from ING Group NV, the Netherlands based provider of banking, insurance and asset management services
- On 1 November 2009, National Wealth Management Holdings Limited, a subsidiary of the National Australia Bank Limited which offers life insurance and funds management services, completed its acquisition of an 80.1 percent stake in the private wealth management business of Goldman Sachs JBWere for a total consideration of $99.0 million
- On 30 September 2009, National Australia Bank, the listed Australia based banking services group, completed its acquisition of the wealth management business of Aviva Australia, the Australian operations of Aviva Group, the listed UK based life insurance, investment and superannuation solutions provider. Under the terms of the agreement, the acquisition included the life insurance business, Norwich union life, and Navigator, the investment administration platform. The transaction excluded the asset management business
- On 30 April 2009, IOOF Holdings Ltd, the Australian listed wealth management company merged with Australian Wealth Management Ltd, its domestically listed larger counterpart. The merger valued AWM at $545 million based on the closing price of IOOF at $3.39 on 21 November 2008, the last trading day prior to the formal announcement
- On 12 May 2008, Australian Wealth Management Ltd (AWM), a previously listed Australian based provider of wealth management products and services, completed its acquisition of a 70 percent stake in Ord Minnett Group, an Australian based wealth management group, from Ord Minnett's staff under the Trustee of the Ord Minnett Share Plan Trust

Financial advice

- On 13 July 2012, IOOF Holdings Limited announced that it had entered into a bid implementation deed to acquire Plan B Group Holdings Limited for approximately $49.1 million representing a price of $0.60 per share. The offer is expected to commence on 9 August 2012 and is expected to close on 11 September 2012. Plan B Group Holdings Limited is an Australian based wealth management company

- On 9 December 2011, the Commonwealth Bank of Australia Limited completed its acquisition of Count Financial Limited via scheme of arrangement for a total consideration of $367.15 million. Count Financial Limited provides financial advice services and is based in Australia
- On 4 October 2011, IOOF Holdings completed the acquisition of the remaining 81.5 percent stake in DKN Financial Group for $94.1 million. DKN is a provider of financial services solutions to wealth management practices. It owns the Lonsdale dealder group which has 300 practices and approximately 750 advisers. The dealership has $8.0 billion of FUA of which approximately $5.5 billion is with BT Financial Group packaged platforms
- On 17 March 2010, Snowball Group Ltd. completed its acquisition of Officium Capital Limited from Officium Group Pty Limited for $6.5 million in cash. Officium Capital Limited is a privately owned investment manager. The firm manages equity, fixed income, and balanced funds for its clients. It invests in the public equity and fixed income markets across the globally
- On 1 April 2009, Wilson HTM Investment Group, the listed Australia based investment management and capital markets company, completed its acquisition of Next Financial Limited, an Australia based investment manager providing discretionary and non discretionary individual investment accounts to investors, from WHK Group Limited, the listed Australia based provider of accounting, financial advice, risk insurance and finance broking services, and other shareholders
- On 3 June 2008, AXA Asia Pacific Holdings Limited, a previously listed Australian provider and distributor of wealth management and financial products and services, and a subsidiary of AXA SA, the listed French insurance group, completed its acquisition of the financial advice business of Challenger Financial Services Group, the listed Australian life insurance and fund management group. The Financial advice Business includes Genesys Wealth Advisers, the Australian Wealth Advisers, and Synergy Capital Management Limited, an Australian based funds administration company offering a full range of master fund and wrap services.

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PART TWO – FINANCIAL SERVICES GUIDE

Dated 17 August 2012

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd **ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) **(KPMG Corporate Finance)** and Ian Jedlin (authorised representative number 404177), Diana D'Ambra (authorised representative number 405745) and Michael Jones (authorised representative number 408373) as authorised representatives of KPMG Corporate Finance **(Authorised Representatives)**.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representatives and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representatives are authorised to provide
- how KPMG Corporate Finance and its Authorised Representatives are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representatives
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Corporate Finance.
This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representatives are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes excluding investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.
The Authorised Representatives are authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representatives responsibility to you

KPMG Corporate Finance has been engaged by ClearView Wealth Limited (ClearView) to provide general financial product advice in the form of a Report to be included in the Target Statement (Target Statement) prepared by ClearView in relation to the proposed acquisition of all of the shares in ClearView by CCP BidCo Pty Limited (the Offer).
You have not engaged KPMG Corporate Finance or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Target Statement. Neither KPMG Corporate Finance nor the Authorised Representatives are acting for any person other than the ClearView.
KPMG Corporate Finance and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by ClearView, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.
You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.
You should also consider the other parts of the Target Statement before making any decision in relation to the Offer.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $130,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.
KPMG Corporate Finance officers and representatives (including the Authorised Representatives) receive a salary or a

partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. One of the Authorised Representatives, Ian Jedlin, is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representatives and not by the KPMG Partnership.
From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.
KPMG entities currently act as the internal auditors of ClearView earning fees of approximately $240,000 per annum. KPMG entities also have provided, and continue to provide, a range of tax and advisory services to ClearView for which professional fees are received. Over the past two years professional fees of $930,000 have been received from ClearView for these services. None of those services have related to the transaction or alternatives to the transaction.
No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, ClearView or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representatives know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.
Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:
Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399 Email: info@fos.org.au.
The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representatives using the contact details:
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Corporate Directory

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Mr Anthony Eisen

Mr David Goodsall

Ms Anne Keating

Mr John Murphy

Mr Simon Swanson

Ms Susan Thomas

Mr Michael Jefferies (alternate director for Anthony Eisen)

Company Secretaries

Mr Christopher Robson

Mr Athol Chiert

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Legal Adviser

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