

May 12, 2016

Daisuke Iwase, President & COO
 LIFENET INSURANCE COMPANY
 (Securities Code: 7157, TSE Mothers)

Announcement of New Mid-term Business Plan

**Aim to achieve 13.5 billion yen in ordinary income
 and positive profitability of ordinary profit (loss)**

TOKYO, May 12, 2016 – LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) hereby announces that it has formulated the new mid-term business plan covering the period from fiscal 2016 through fiscal 2018.

Returning to the original purpose of life insurance - mutual support - Lifenet, with the manifesto of offering simple, convenient and competitively priced products and services, has realized a stable growth to this day, by means of establishing the online direct sales channel as the main channel, offering highly cost-competitive products and accepting applications from customers at any given time. As a result, the number of policies-in-force exceeded 220,000 in October 2015 and the number of policyholders reached 140,000 in March 2016. Aiming to achieve its stable growth in the future, Lifenet formulated the new mid-term business plan. The summary is as follows.

Summary of new mid-term business plan

FY2018 Management Goal	13.5 billion yen in ordinary income Positive profitability of ordinary profit (loss)
Business Strategy	1. The pillars of business: “Online direct sales”, “KDDI (exclusive alliance agent)” and “Over-the-counter agent” 2. Continuous creation of unique sales point in all channels 3. Commitment to business development for future growth
Organizational Strategy	Change, challenge and unity
Risk Management Area	Sophisticate systems for risk management and customer protection that support business strategy

A review of the previous mid-term business plan and an outline of the new mid-term business plan are as follows.

1. Review of Previous Mid-term Business Plan

Lifenet, in the previous mid-term business plan ending in fiscal 2015, has set our corporate vision towards fiscal 2015 as “Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable

growth among online life insurance businesses” and worked to realize our Management Goal of “Achieve 9.5 billion yen in ordinary income, pushing the company toward profitability*¹ in FY 2015”.

The business environment we faced in the period of the previous mid-term business plan was characterized by slower expansion of the online life insurance market than anticipated and competitors who newly entered the market. The competitive environment surrounding Lifenet has become increasingly intense.

Under these circumstances, ordinary income for fiscal 2015 amounted to 9,387 million yen which almost achieved the Management Goal of 9.5 billion yen, while ordinary profit before amortization of deferred assets under the Article 113 of the Insurance Business Act resulted in profitable, recorded 584 million yen, which achieved the Management Goal successfully. The status of implementation efforts in the priority areas of “Sustainable growth in insurance premium income (top-line)”, “Improvement in productivity” and “Being an “innovator” (front-runner) in life insurance”, set in the previous mid-term business plan, is as follows:

(1) “Sustainable growth in insurance premium income (top-line)”

We commenced the agent sales through “HOKEN NO MADOGUCHI” for customers who wish face-to-face consultation. Moreover, preparations were made in order to offer “au Life Insurance” for such as au smartphones users, through the business alliance with KDDI CORPORATION (“KDDI”). These initiatives to establish new sales channels other than the conventional online direct sales channel enabled us to offer our insurance products to a broad customer base.

(2) “Improvement in productivity”

We achieved profitability in terms of ordinary profit (loss) before amortization of deferred assets under the Article 113 of the Insurance Business Act through appropriate control of operating expenses.

(3) “Being an “innovator” (front-runner) in life insurance”

We started to accept same-sex partners as the designated beneficiary for our life insurance products anew. Additional initiatives for customer's extra convenience utilizing technologies realized during the period include service that accepts application documents and benefits claim documents via the website captured by smartphones.

Meanwhile, improving the performance in new business is the greatest challenge for us. Through the continuous initiatives taken in the period of the previous mid-term business plan, there is a sign of improvement of the performance in new business. To solidify this trend, focusing continuously on the online direct sales as the main channel, with the aim of complementing our growth potential, we will strive to build and establish solid sales channels via agents. In addition, by creating the unique sales point, we will work to differentiate ourselves from competitors. Moreover, we will establish the system for the proactive provision of products and services and offer products and services for customers in a timely manner.

1. Ordinary profit (loss) before amortization of deferred assets under the Article 113 of the Insurance Business Act

2. Outline of New Mid-term Business Plan

Approximately 10% potential subscribers have intent to apply to insurance via online channel in the huge life insurance market over 40 trillion yen of insurance premiums in total per year. Furthermore the trend of utilizing Internet in overseas life insurance markets in recent years, although there is a sign of slowdown in online life insurance market's growth, we believe that there is a great deal of growth potential for online life insurance over the long term.

In view of the challenges in the previous mid-term business plan and future business environment, aiming to achieve its stable growth in the future, Lifenet formulated the new mid-term business plan through fiscal 2018 as follows.

First, as the Management Goal, we will seek to achieve 13.5 billion yen in ordinary income, pushing the company toward profitability on an ordinary profit (loss) basis in fiscal 2018. For that purpose, we will work to return to growth in new business performance in fiscal 2016 and establish a system that enhance the new business performance steadily and realize sustainable profitability in fiscal 2017. As a result of the foregoing efforts, we will endeavor to achieve the Management Goal in fiscal 2018.

In order to achieve this Management Goal, Lifenet will focus on the following business strategies.

(1) The pillars of business: “Online direct sales”, “KDDI (exclusive alliance agent)” and “Over-the-counter agent”

By fully leveraging partnerships built in the previous mid-term business plan, establishing “Online direct sales channel”, “KDDI (exclusive alliance agent)” and “Over-the-counter agent” as the pillars for our business, and offering products and services that fit to each channel, we will endeavor to acquire new business in excess of 60,000 in fiscal 2018.

Online direct sales channel

- Renew our efforts to increase the number of visitors to the website
- Optimize for a mobile-centered lifestyle mainly for smartphones
- Strengthen and further utilize points of contact with existing policyholders

KDDI (exclusive alliance agent)

- Realize solid launch and success over the mid-term
- Create synergy effects with their main business

Over-the-counter agent

- Achieve stable growth with a sales channel expansion
- Develop the market for Long-term Disability

(2) Continuous creation of unique sales point in all channels

Based on manifesto, while implementing our own initiatives and leveraging technologies, we will strive to create the unique sales point differentiated from other life insurers in all channels continuously to avoid assimilating with competitors,

(3) Commitment to business development for future growth

While focusing on existing business as needed, we will allocate a certain part of management resources into business development to achieve continuous growth in the future.

In terms of internal control, we will establish the foundation for sophisticating systems for risk management and customer protection that support the business strategy.

In order to realize the stated above plan, we changed our organization structure in January 2016 in advance, and started the divisional organization which appointed Executive Officers as General Managers to enhance business execution. Centering on the divisional organization, we will deepen a sense of unity with active communication as well as continue to challenge to meet the needs of the times and customers. By means of taking a solid implementation of the strategy, we will work steadily to achieve the new Management Goal.

About LIFENET URL: <http://ir.lifenet-seimei.co.jp/en/>

Returning to the original purpose of life insurance - mutual support - LIFENET INSURANCE was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time.

<p>Contact: Investor Relations, Corporate Planning Department Tel: +81-3-5216-7900 e-mail: ir@lifenet-seimei.co.jp</p>

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Securities Code:7157
TSE Mothers



LIFENET
LIFENET INSURANCE COMPANY

**New Mid-term
Business Plan
Support
documentation**

LIFENET INSURANCE COMPANY

May 12, 2016

Contents



1. Review of Previous Mid-term Business Plan

2. Outline of New Mid-term Business Plan

Previous Mid-term Business Plan



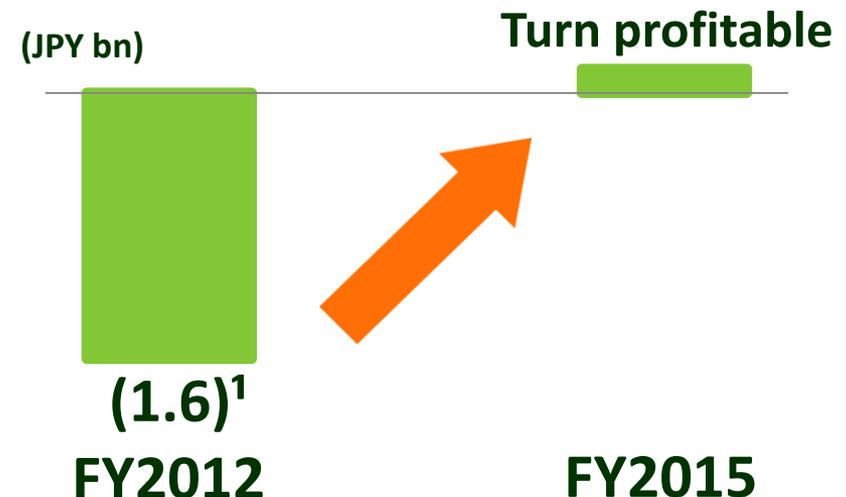
LIFENET 2015

Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.

Management Goal

- ✓ Achieve **9.5 billion** in ordinary income (FY2015)
- ✓ Push the company **toward profitability** (FY2015)

(Based on ordinary profit before amortization of deferred assets under Article 113 of the IBA)

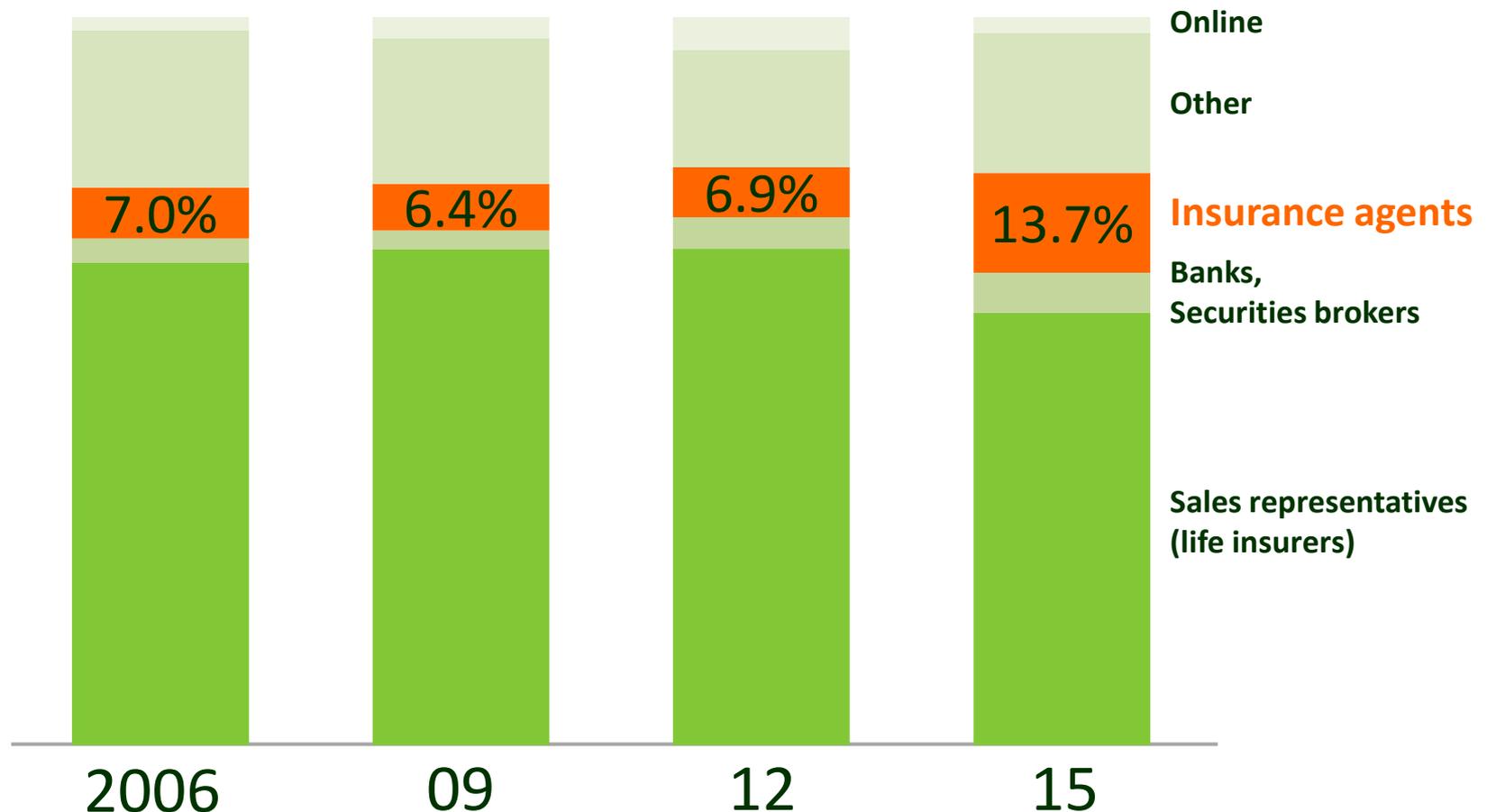


1. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 ended March 31, 2013 included the effect of changing calculation formula of policy reserves on provision, 0.5 billion yen. When excluding the effect, it was 2.1 billion yen.

Transition of Life Insurance Market

■ Expanding agent channel

Trends of Sales Channels¹

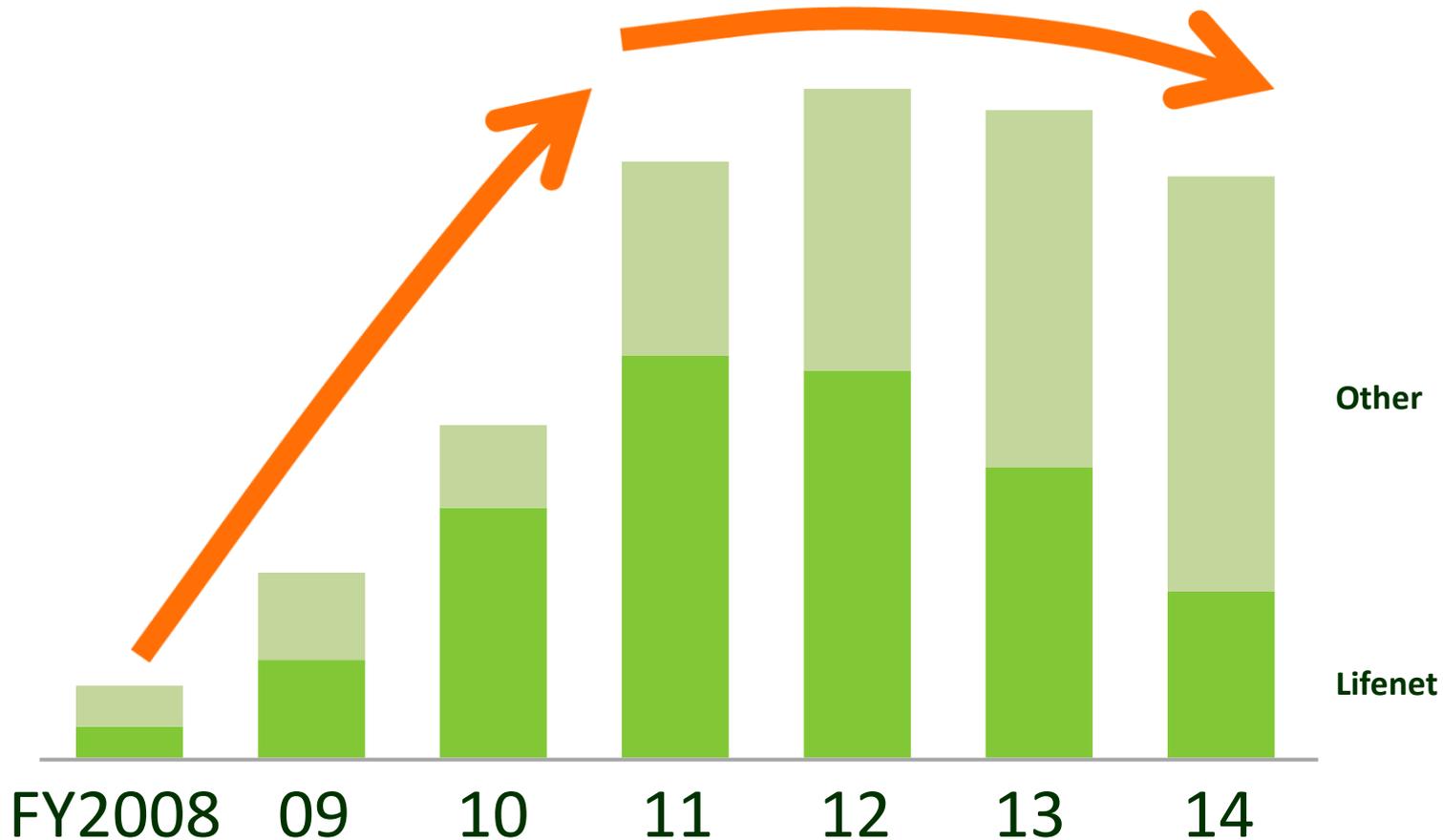


1. Source: Lifenet, based on data from a nationwide report on the life insurance industry (2015) by the Japan Institute of Life Insurance.

Online Life Insurance Market

■ Slowdown of market growth

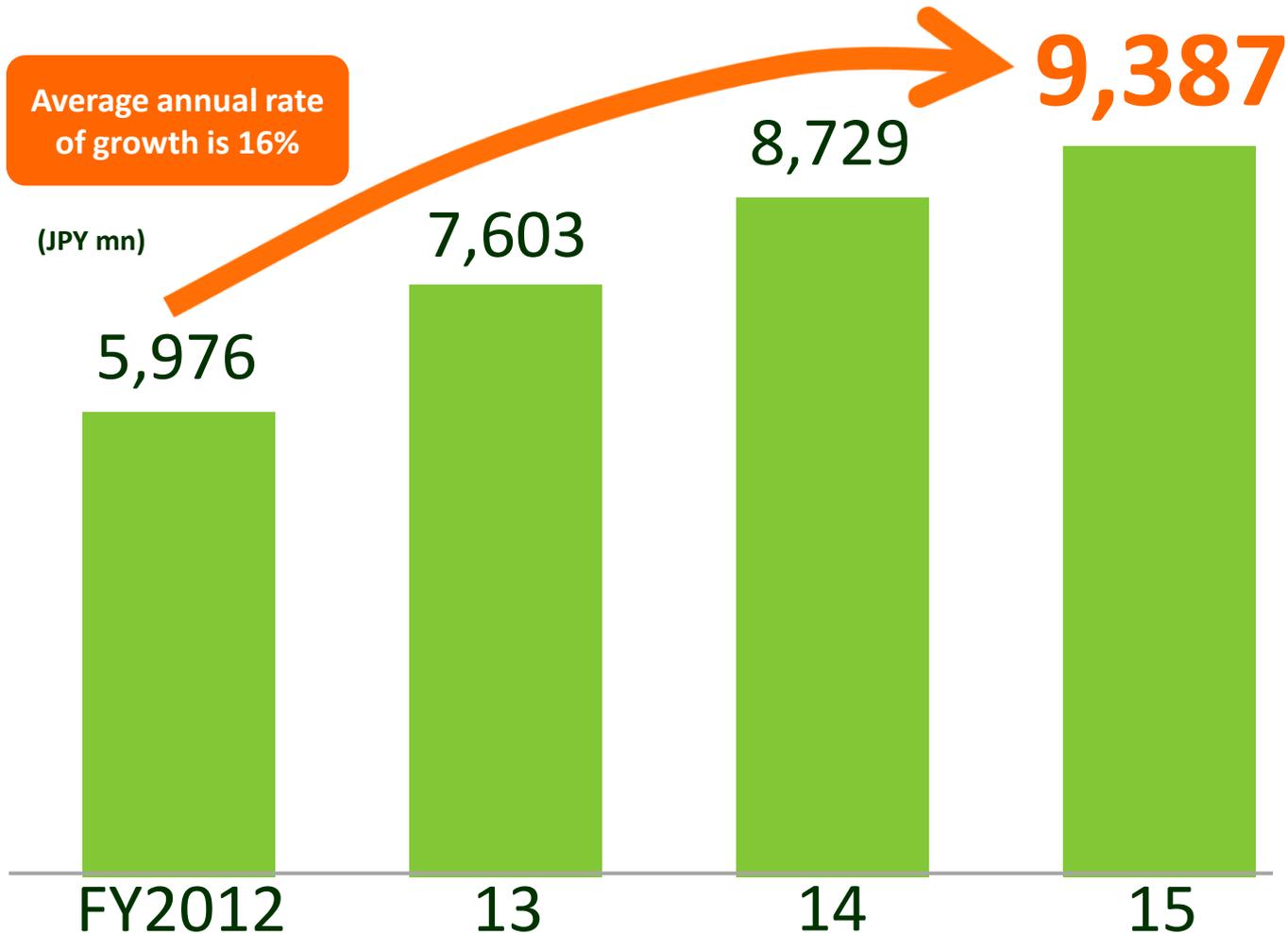
Number of new business ¹



1. Source: Lifenet analysis

Ordinary Income

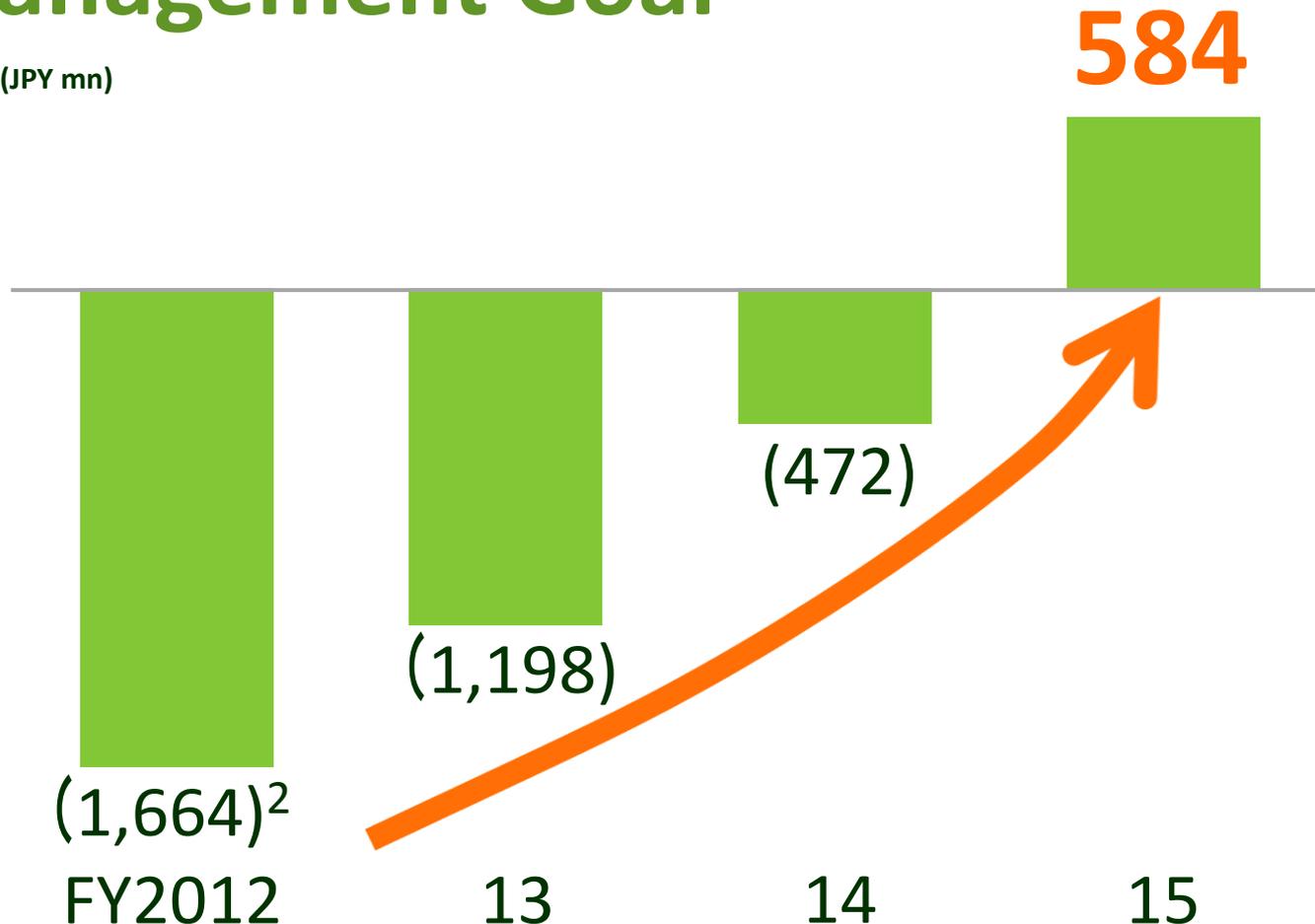
- **Almost achieved 9.5bn as Management Goal**



Ordinary Profit / Loss¹

■ Achieved to **turn profitability¹** as Management Goal

(JPY mn)



1. Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

2. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 included the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, it was 2,165 million yen.

Status of Priority Areas

-  Sustainable growth in insurance premium income (top-line)
→ **Build new sales channels**
-  Improvement in productivity
→ Achieved to **turn profitability¹**
-  Being an “innovator” (front-runner) in life insurance
→ Improved **customer convenience**

1. Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

Sustainable Growth in Insurance Premium Income (top-line)



- Enhance business partnerships with agents to enhance sales channels



December 2014



April 2015¹



1. Lifenet concluded an agency agreement with KDDI CORPORATION in November 2015

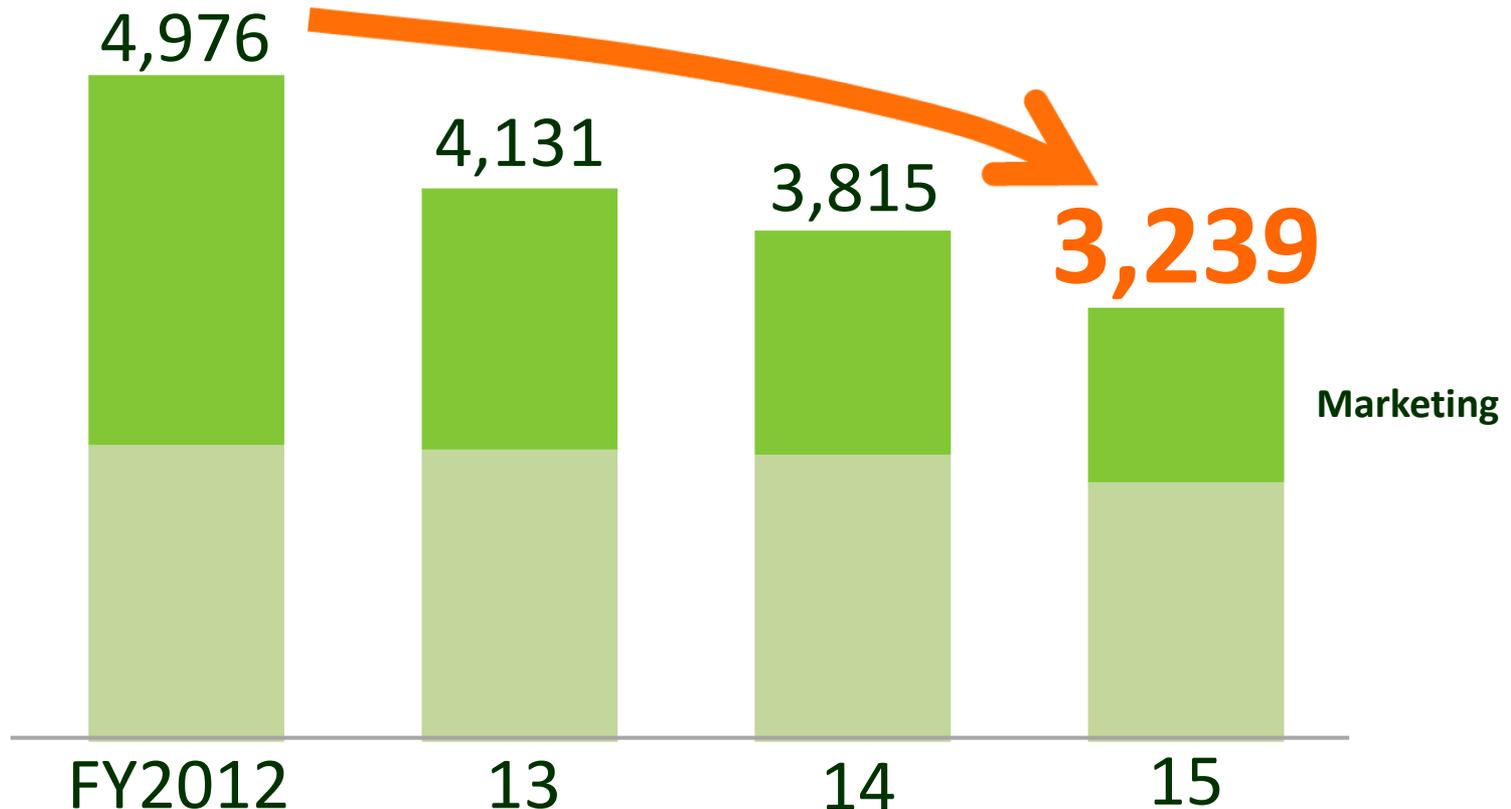
Improvement in Productivity



- Control operating expenses
mainly marketing expenses

Operating expenses

(JPY mn)



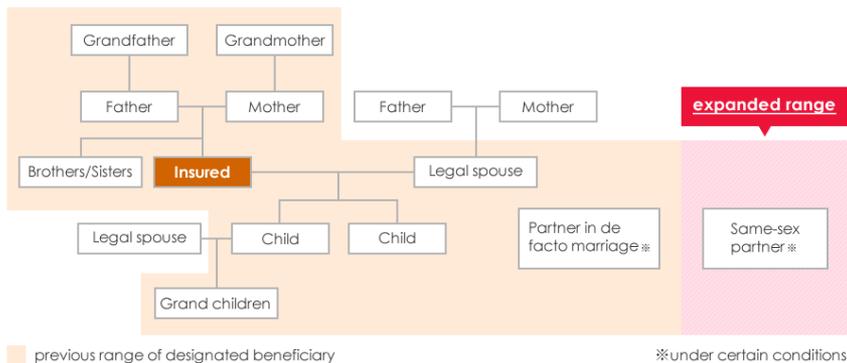
Being an “Innovator” (Front-runner) in Life Insurance

Improved customer convenience continuously

Expanded Range of Designatable Beneficiaries



Same-sex partners accepted as beneficiaries



Improved customer convenience of process



Save customer's steps of copying and sending applications for new policy (from April 2015)

Realized payment in 3 days at earliest by saving customer's steps of copying and sending documents for claim1 (from March 2016)



3 days at earliest

1. Whole-life Medical New “Jibun” for Woman is excluded from this service.

Challenges for New Mid-term Business Plan

-  **Return to growth** in new business performance
-  **Avoid assimilating** with competitors
-  **Proactive development of products and services**

Contents

1. Review of Previous Mid-term Business Plan

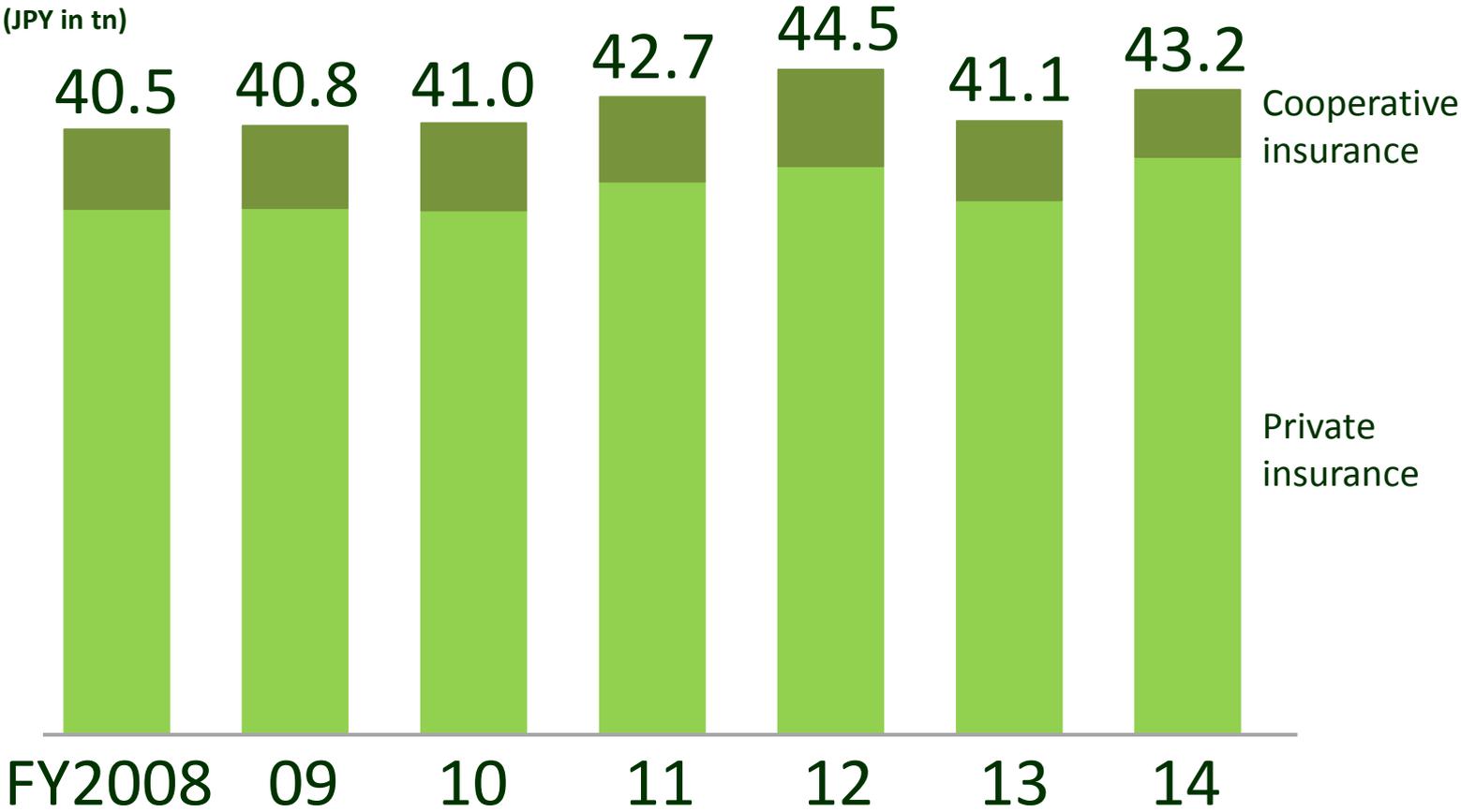
2. Outline of New Mid-term Business Plan

Current Life Insurance Market



Huge mature market over JPY 40 trillion

Insurance premiums¹
(JPY in tn)



1. Private insurance: Life insurance companies that are members of The Life Insurance Association of Japan; income from premiums and other sources. Cooperative insurance: Cooperative insurance companies that are members of the Japan Cooperative Insurance Association; mutual aid premium contributions (total for life insurance and pension fund contributions).
Source: Lifenet, based on data from Life Insurance Fact Book 2015 (Japanese ver.) by The Life Insurance Association of Japan, Cooperative insurance

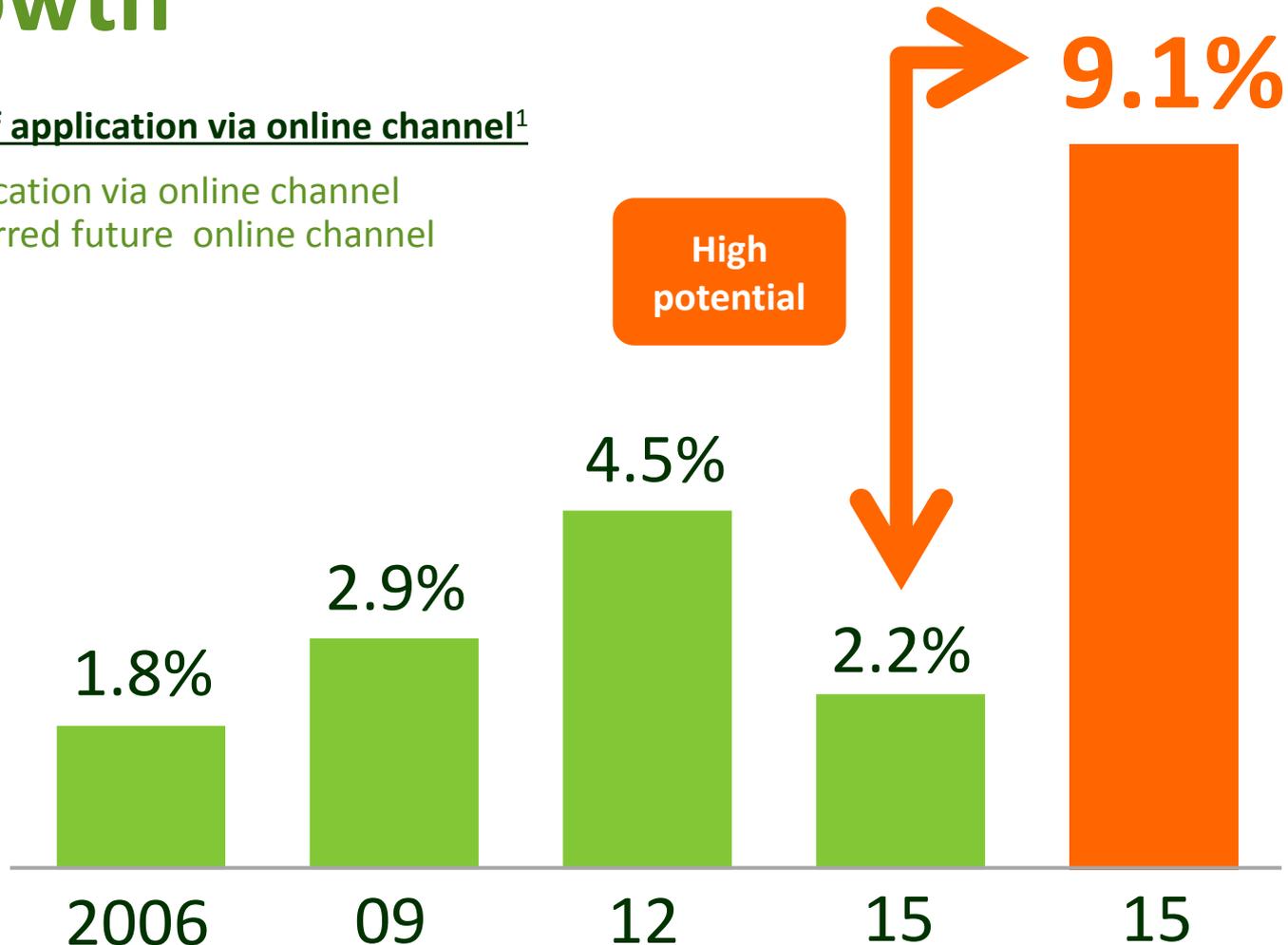
Future of Online Life Insurers Market



■ Continuous high potential for future growth

Trends of application via online channel¹

- Application via online channel
- Preferred future online channel



1. Source: Lifenet, based on data from a nationwide report on the life insurance industry (2015) by the Japan Institute of Life Insurance.

■ Expanded initiatives of “Online x Life Insurance”



Oscar : Google Capital invested \$32.5 million



Aviva : Launched venture capital as a part of digital strategy



Tencent : Planning to launch online life insurer



Allianz : Planning to launch online life insurer in China

New Mid-term Business Plan



FY2018 Management Goal

- 13.5 billion yen in ordinary income
- Positive profitability of ordinary profit/loss



Corporate Strategy

Business

The pillars of business : “Online direct sales”, “KDDI (exclusive alliance agent)” and “Over-the-counter agent”

Continuous creation of unique sales point in all channels

Commitment to business development for future growth

Organization

Change

Challenge

Unity

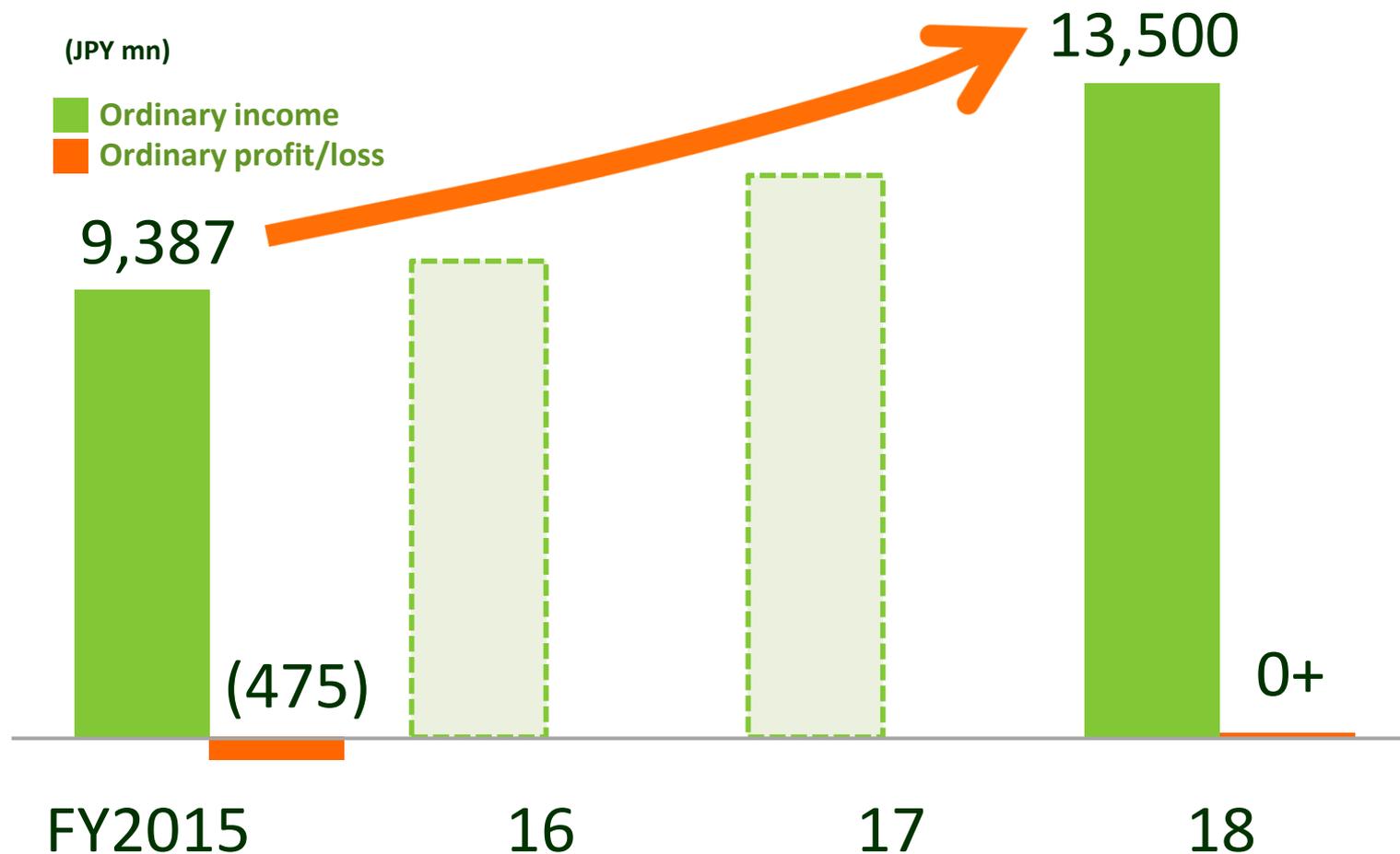
Risk Management Area

Sophisticate systems for risk management and customer protection that support corporate strategy

Management Goal

- **13.5 billion yen** in ordinary income and **positive profitability** of ordinary profit/loss

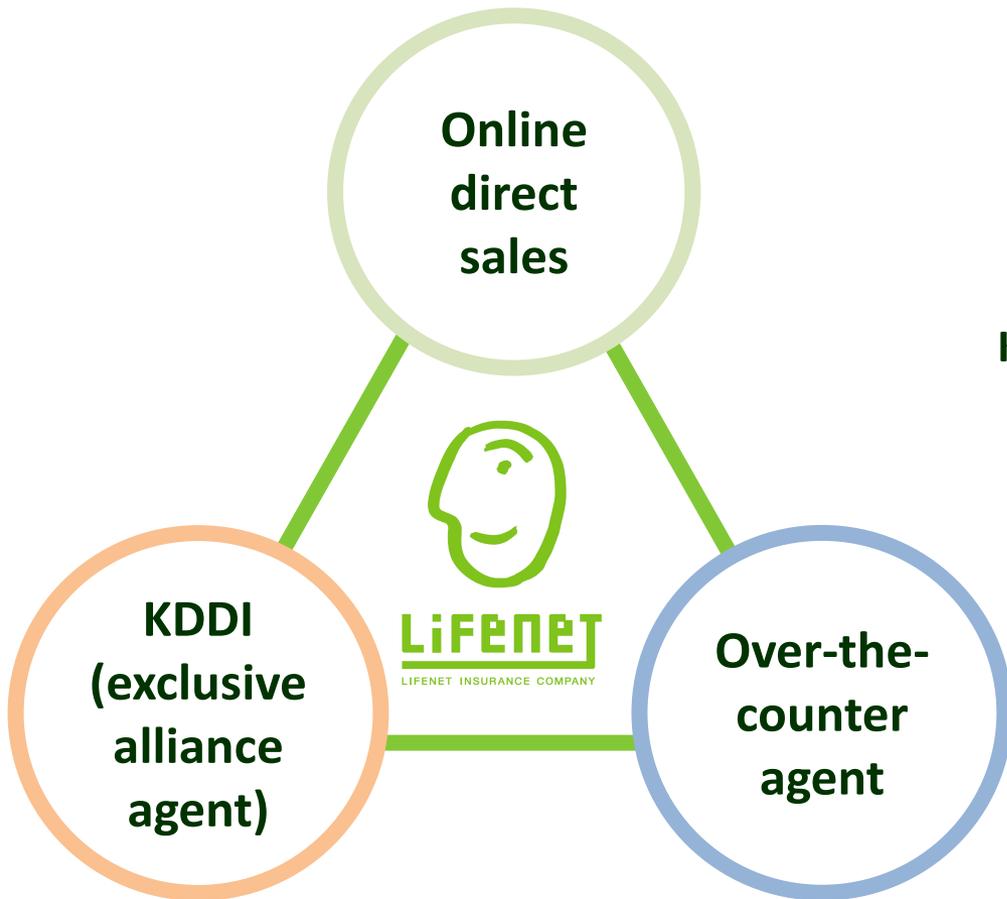
Ordinary income and ordinary profit/loss



Business Strategy



■ Execute on **strategy suitable for each channel**



Online direct sales

- Increase the number of visitors to the website
- Shift to the model optimized for a mobile-centered lifestyle
- Strengthen and further utilize points of contact with policyholders

KDDI (exclusive alliance agent)

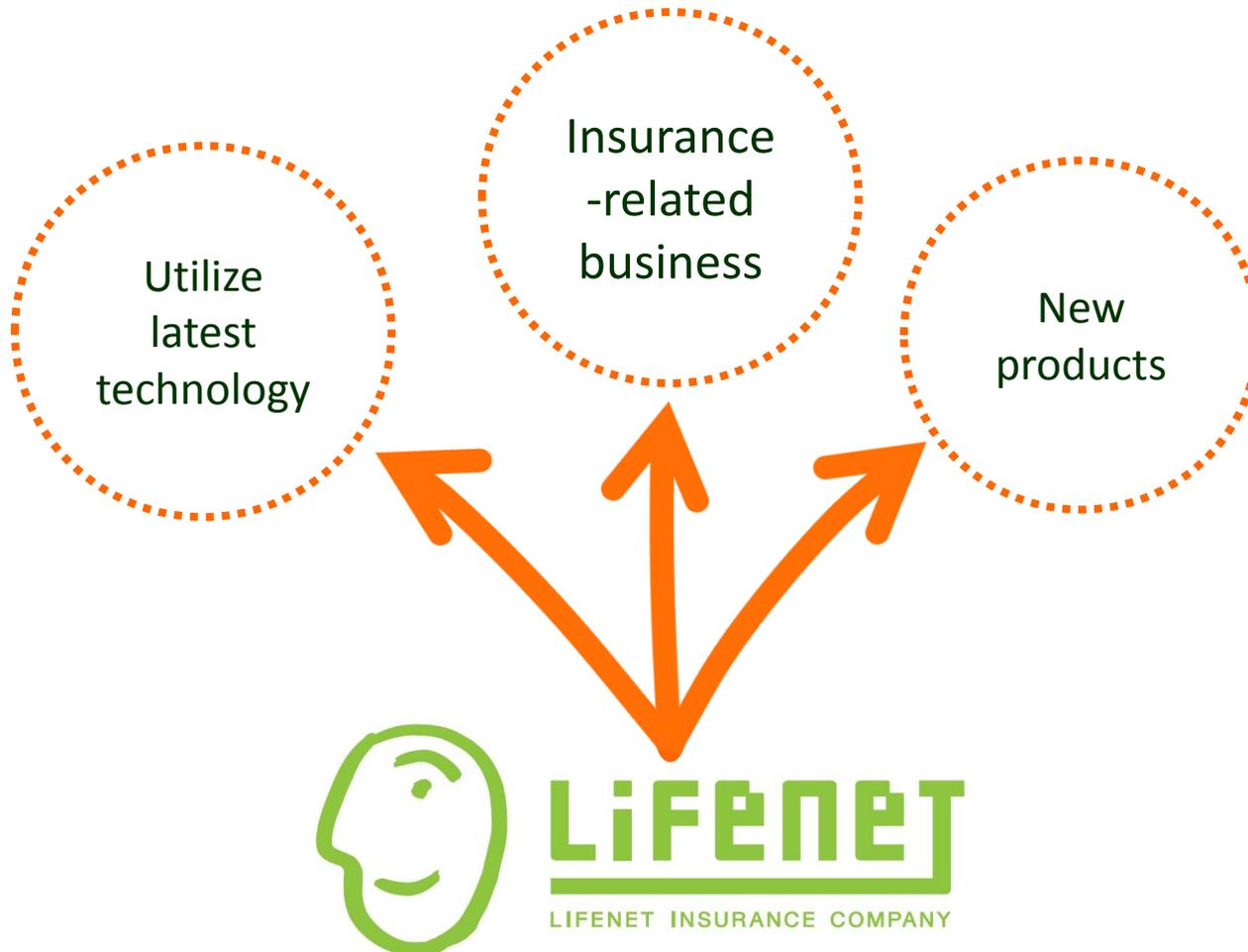
- Realize solid launch and success over the mid-to long-term
- Focus on understanding the needs of partner companies and creation of synergy effects with their main business

Over-the-counter agent

- Aiming to grow stably with a sales network expansion
- Develop the market for long-term disability

Business Strategy

■ Invest in new business and services



New Product

■ Launch of new Long-term Disability product **in June**



Revised drastically
in response to
customers
requests!

Main points of Long-term Disability “Hataraku-Hito 2”

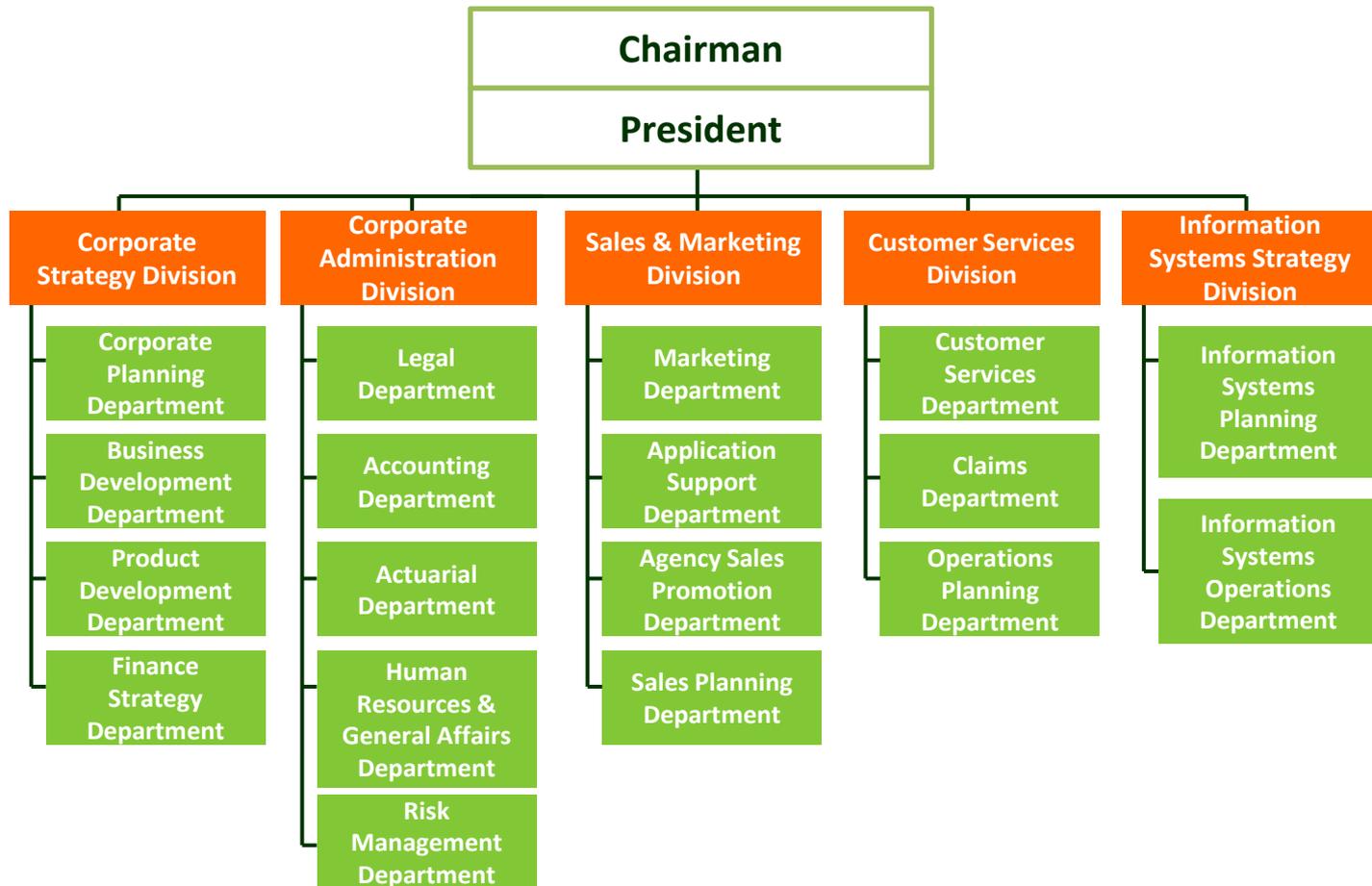
Newly added 60
days of initial
exclusion period

Newly added a
range of insurance
terms to choose

Newly added “Half-
type” for customers
who wish to lower
their premiums

Changes in Organization

- Into 5 divisional organization prior to new mid-term business plan **from January, 2016**



Organization Strategy

■ Toward more organizational management

Change

Challenge

Unity



Key Accounting Points

-  Completion of amortization of deferred assets under Article 113 of Insurance Business Act (end of FY2017)
-  Changed calculation methods of policy reserves from 5-year Zillmer's method into net level premium method (in FY2018 onward)
-  Policy of shareholder return **to be comprehensively considered** difference from standard policy reserve and amount of cumulative loss



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