

May 13, 2019

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

## Notice of Introduction of a Restricted Stock Compensation System

TOKYO, May 13, 2019 – LIFENET INSURANCE COMPANY (TSE Mothers 7157, President Ryosuke Mori, URL: <https://www.lifenet-seimei.co.jp/en/>) has decided to revise its officer compensation system and introduce a restricted stock compensation system (hereafter, “the System”) at its Board of Directors meeting held today, May 13. We hereby provide notice that the following proposal on the System will be proposed at the 13<sup>th</sup> Annual General Meeting of Shareholders (hereafter, “the General Meeting of Shareholders”) scheduled on June 23, 2019.

### 1. Purpose of Introducing the System

#### (1) Purpose of Introducing the System

The purpose of the System is to give directors (excluding outside directors, hereafter “eligible directors”) the incentive to work for continual enhancement of the corporate value of Lifenet (hereafter “the Company”) and to promote greater shared value with shareholders.

#### (2) Conditions for Introducing the System

This System will pay compensation to eligible directors in the form of monetary claims to pay for the restricted stock granted. It is therefore conditioned upon approval of the payment of such compensation by all shareholders at the General Meeting of Shareholders.

The total amount of Company director compensation was approved at 180 million yen a year (not including employee wages when a director serves concurrently as an employee) at the 12<sup>th</sup> Annual General Meeting of Shareholders held on June 24, 2018. We will ask all shareholders to approve the total compensation to be paid to eligible directors established for this System, within the scope of the total compensation amount noted above, at this year’s General Meeting of Shareholders. The Board of Directors shall determine the specific timing and allocation of restricted stocks to each eligible director following deliberation at the discretionary Nomination & Compensation Committee.

### 2. Overview of the System

Eligible directors shall pay in the entire amount of monetary compensation claims paid to them under this proposal as a cash investment asset, and will receive ordinary shares issued or distributed by the Company.

The total number of shares issued or distributed under this System shall be 200,000 shares a year or less (However, the total number of restricted shares issued or

distributed may be adjusted within a reasonable scope when the need for adjustment arises due to a share-split of the Company’s ordinary shares—including gratis issues of Company ordinary shares—or a reverse stock split that is effected on or after the date on which the General Meeting of Shareholders resolution is approved. In such cases, the adjustment in the total number of shares will be made according to the share split or reverse share split ratio). The Board of Directors will determine the amount to be paid in per share. This amount will be based on the closing price of the Company’s ordinary shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the each Board of Directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the eligible directors who receive the ordinary shares with a particularly advantageous price.

Moreover, issuance or distribution of ordinary shares of the Company (hereafter, “the shares”) under this System shall be conditioned upon a restricted transfer stock allocation agreement concluded between the Company and each eligible director who intends to receive payment of the restricted stock compensation. The agreement shall contain the following provisions: 1) transfer, pledging as collateral, or any other disposition of the shares to third parties is prohibited for the specified time period (hereafter, “transfer restriction period), and 2) the Company will acquire the shares for free under certain conditions. In order to ensure that the shares are not transferred, pledged as collateral, or otherwise disposed of during the transfer restriction period, the Company intends to have the shares managed by Nomura Securities Co., Ltd. in a dedicated account opened by each eligible director.

[Diagram of Director Compensation System Revision]

**Existing Compensation Structure**

Base Compensation (Fixed Salary)	
Amount for Directors (excluding Outside Directors)	Amount for Outside Directors

**New Compensation Structure**

Base Compensation (Fixed Salary)	Compensation in the form of stock	Base Compensation (Fixed Salary)
Amount for Directors (excluding Outside Directors)		Amount for Outside Directors

← Portion linked to performance →

\* The introduction of this restricted stock compensation system will not increase the amount of total director compensation. The Company Board of Directors will determine

the ratio of base compensation (fixed salary) to stock compensation of the eligible directors following deliberation at the discretionary Nomination & Compensation Committee; however, it shall be generally based on a ratio of 7:3.

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

Remember the original purpose of life insurance - mutual support - LIFENET INSURANCE COMPANY 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, and by doing so, are able to offer highly cost-competitive products and accept applications from customers at all hours of the day.

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