

July 18, 2019

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

## Notice of New Share Issue for Restricted Stock Compensation

TOKYO, July 18, 2019 – LIFENET INSURANCE COMPANY (TSE Mothers 7157, President Ryosuke Mori; URL: <https://www.lifenet-seimei.co.jp/>; hereafter, “the Company”) approved the issuance of new shares (hereafter, “new share issue”) for restricted stock compensation described below at its Board of Directors meeting today.

### 1. Summary of Share Issue

(1) Pay-in date	August 9, 2019
(2) Class and number of shares issued	Ordinary shares: 73,238 shares
(3) Issue price	568 yen per share
(4) Total issue amount	41,599,184 yen
(5) Directors eligible for share allocation, number of eligible directors, and number of shares to be allocated	Company directors (excluding outside directors), 4, 73,238 shares
(6) Other	This notice of new share issue was provided in accordance with the Financial Instruments and Exchange Act.

### 2. Purpose and Reason for Issue

At its Board of Directors meeting held on May 13, 2019, the Company decided to introduce a restricted stock compensation system (hereafter, the “system”) as a new system for compensating directors (excluding outside directors, hereafter “eligible directors”). The purpose of the system is to give eligible directors the incentive to work for continual enhancement of the corporate value of the Company and to promote greater shared value with shareholders over the medium and long-term. At the 13<sup>th</sup> Annual General Meeting of Shareholders held on June 23, 2019, shareholders also approved the payment of monetary compensation to eligible directors to pay for the restricted stock granted under this system (hereafter, “restricted stock compensation”), within the existing total amount of compensation approved.

An overview of the system is provided below.

## [Overview of the System]

Eligible directors shall pay in the entire amount of monetary compensation claims paid to them under this system as a cash investment asset, and will receive ordinary shares issued or distributed by the Company. The total number of shares issued or distributed to eligible directors under this System shall be 200,000 shares a year or less. The amount to be paid in per share will be determined by the Board of Directors 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 under this System shall be conditioned upon a restricted transfer stock allocation agreement concluded between the Company and each eligible director who will receive payment of the restricted stock compensation. The agreement shall contain the following provisions: 1) transfer, pledging as collateral, or any other disposition of allocated shares to third parties by an eligible director is prohibited for the specified time period, and 2) the Company will acquire the shares for free under certain conditions.

The purpose of this system is to further increase the motivation of each eligible director, while taking business conditions, the scope of responsibilities of each eligible director, and various other circumstances into consideration. The company has therefore set total monetary compensation claims at 41,599,184 yen (hereafter, "monetary compensation claims") and the number of ordinary shares at 73,238 shares. The Board of Directors has also set the current restricted transfer period at three years in order to achieve the purpose for introducing the system over the medium-term, which is to promote greater shared value with shareholders.

The four eligible directors who the company will allocate shares to under the system will pay in the entire amount of monetary compensation claims paid to them under the new share issue as a cash investment asset, and will receive ordinary shares issued by the Company (hereafter, "allocated shares"). A summary of the restricted transfer stock allocation agreement (hereafter, "Allocation Agreement") for the new share issue which the Company will conclude with eligible directors is provided below.

### 3. Summary of the Allocation Agreement

- 1) Restricted transfer period: From August 9, 2019 to August 8, 2022
- 2) Conditions for release of transfer restrictions

The transfer restrictions will be released upon expiration of the restricted transfer period except with provision (3), below, applies to an eligible director during the transfer restriction period.

- 3) Cancellation during the restricted transfer period

The transfer restriction will be released as follows only when an eligible director resigns from the position of director (including resignation due to death) during the term of the restricted transfer period, either due to company circumstances or for other reasons

deemed proper by the Board of Directors.

(1) Timing of release of transfer restrictions

The timing separately determined by the Board of Directors after the eligible director has resigned

(2) Number of shares subject to release of transfer restrictions

The number of allocated shares held at the time of the resignation specified in (1) will be prorated by multiplying the number of shares by the ratio calculated by dividing the number of months the eligible director occupied the director position period from the month of the 13<sup>th</sup> General Meeting of Shareholders to the month including the resignation date by 12 (this ratio shall be counted as 1 when the resulting ratio is greater than 1). (However, if this calculation results in a fractional share, the fractional share shall be disregarded.)

4) Acquisition of shares by the Company for free

Allocated shares on which the transfer restrictions have not been released when the transfer restriction period expires or when transfer restrictions are released as specified in (3), above, will naturally be acquired by the Company for free.

5) Share management

In order to ensure that allocated shares are not transferred, pledged as collateral, or otherwise disposed of during the transfer restriction period, the shares will be managed by Nomura Securities Co., Ltd. in a dedicated account opened by each eligible director during the transfer restriction period. The Company has concluded an agreement with Nomura Securities Co., Ltd. on management of accounts for the allocated shares held by each eligible director to ensure effectiveness of transfer restrictions and other aspects of managing the allocated shares. The eligible directors shall also consent to the details of management of these accounts.

6) Handling in organizational restructurings and similar circumstances

In the event that a merger agreement that renders the Company a defunct company, a share exchange agreement making the company a wholly owned subsidiary, a share transfer plan, or other organizational restructuring approved at the General Meeting of Shareholders (however, this shall be the Board of Directors for such organizational restructuring or other events that do not require the approval of the General Meeting of Shareholders) occurs during the transfer restriction period, the restrictions on transfer will be released on a prorated number of the allocated shares held at that time, upon resolution of the Board of Directors, immediately prior to the business day immediately preceding the date on which the organizational restructuring or other noted event becomes effective, even when this occurs during the restricted transfer period. The allocated shares will be prorated by multiplying the number of allocated shares by a fraction consisting of the number of months from the month of the 13<sup>th</sup> General Meeting of Shareholders to the month including the approval date divided by 12 (this ratio shall be counted as 1 when the resulting ratio is greater than 1). The number of months in the numerator shall include the month that includes the date on which approval was granted by the General Meeting of Shareholders (However, if this calculation results in a fractional share, the fractional share shall be disregarded). When the above rules are applied, the Company will naturally acquire all of the allocated shares on which the

transfer restrictions have not been released for free, immediately after the transfer restrictions have been released.

4. Grounds for calculating the amount to be paid in and the specific supporting reasons

The new shares issued under this system will be paid as restricted stock compensation for the 14<sup>th</sup> fiscal period. The payment to each intended eligible director will be paid in the form of monetary compensation claim as cash for investment in the allocated shares. To ensure that the issue price is reasonable, it shall be set at 568 yen, which is the closing price for the Company's ordinary shares on the TSE Mothers exchange on July 17, 2019 (the business day immediately preceding the date of the Board of Directors meeting). This is the market price for the shares immediately prior to the date of the Board of Directors meeting, and we have judged it to be reasonable and a price level that will not confer any particular advantage to the eligible directors.

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

Remembering 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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