

May 15, 2013

Haruaki Deguchi, President/Founder
LIFENET INSURANCE COMPANY
(Securities Code: 7157, TSE Mothers)

Announcement of New Mid-term Business Plan

Mid-term business plan toward a new growth stage 5 years after start-up

TOKYO, May 15, 2013 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President/Founder: Haruaki Deguchi URL:<http://ir.lifenet-seimei.co.jp/en/>) announces the formulation of its mid-term business plan leading up to fiscal 2015 ending March 2016.

Since commencing its business operations, Lifenet has strived to establish a new business model called “online life insurance” that uses the Internet as the main distribution channel and to acquire customers. As a result, policies-in-force exceeded 150,000 in November 2012, achieving the initial management target to reach “150,000 policies-in-force within five years of commencing business operations”. The number of policies-in-force exceeded 170,000 in April 2013, and the number of policy holders exceeded 100,000 in February 2013.

On the other hand, the business challenges Lifenet is currently facing have some different aspects from those in the past five years due to drastic changes in the business environment. In response, Lifenet has formulated its mid-term business plan as shown below in an effort to transition to a new growth stage.

Summary of new mid-term business plan

LIFENET2015	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 15 billion yen in ordinary income, pushing the company toward profitability*¹ in fiscal 2015
Priority Areas	<ol style="list-style-type: none"> 1. Sustainable growth in insurance premium income (top-line) 2. Improvement in productivity 3. Being an “innovator” (front-runner) in life insurance
Risk Management Area	Sophisticate risk management and establish risk-based business management

1. Based on ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act.

The background and the details of the formulation of Lifenet’s mid-term business plan are contained in the following pages.

1. Review of previous mid-term business plan and steadily accumulated achievements

In March 2011, Lifenet formulated the previous mid-term business plan focusing on the following three key strategies: (1) Develop a popular Lifenet Insurance brand that resonates with customers, (2) Offer high-quality (comprehensible, cost-competitive, and convenient) life insurance services, and (3) Build a flexible and powerful organization that can constantly improve and take on new challenges. Lifenet believes that these goals have been successfully achieved, as described below.

(1) As for the development of the “Lifenet” brand, the initial management goal of reaching “150,000 policies-in-force within five years after commencing business operations” was achieved a half year ahead of schedule in four and a half years, and the number of policy holders exceeded 100,000 in February 2013. In addition, the company’s name recognition successfully increased to as much as 40%.^{*2}

(2) As for offering high-quality services, Lifenet launched the copayment-linked term medical insurance “Jibun Plus” (with cancer and advanced medical care coverage) in October 2012, and significantly expanded the potential markets it covers. Also, Lifenet adapted the elimination of the medical certificate submission in principle at the time of claiming medical benefits. As such, Lifenet has implemented convenient life insurance services without being bound by the industry’s conventions.

(3) As for building a flexible and powerful organization that can constantly improve and take on new challenges, Lifenet achieved its listing on the Tokyo Stock Exchange’s Mothers Section in March 2012, approximately three years and ten months after commencing business operations, and also improved its internal control system.

(4) As objective assessments of the above commitments and their results, Lifenet received high evaluations from third-party organizations in Japan and overseas, such as the highest rating of three stars in two categories (i.e., contact center and website) in the 2012 HDI Contact Center Rankings (Life Insurance Industry) hosted by HDI-Japan in November 2012, and other top awards in the rankings for the life insurance industry.

2. Changing business environment and challenges

During the two years after the announcement of the previous mid-term business plan, some aspects in the business environment surrounding the company have remained unchanged, while others have changed rapidly. Lifenet is aware that its stakeholders expect it to commit to each of these different business challenges hereafter and thus make a leap to a new growth stage. The following are the major challenges for Lifenet to address:

Firstly, customers showing interest in purchasing insurance policies online have continued to increase year on year, most recently reaching approximately 10%.^{*3} On the other hand, the share for life insurance companies using the Internet as the main distribution channel still stands under 1% of the number of policies-in-force in the entire Japanese life insurance market, whose size is estimated at 40 trillion yen in premium a year. This indicates the continuous presence of significant growth potential for such businesses.

Furthermore, the number of companies selling life insurance products online has increased to a total of seven, which consists of two pure-Internet-play companies and five other companies that newly expanded their businesses to online sales. Due to the different characteristics of the products sold by these companies, the competitive environment is expected to intensify, while on the other hand the size of the “online life insurance market” is anticipated to expand rapidly.

As for Lifenet, the number of new policies was growing in line with increased name recognition during the years immediately following the commencement of business operations; however, growth in the number of new policies relative to that of the company’s name recognition has recently become more moderate. This can in part be attributed to changes in Internet devices and customer segments and the intensifying competitive environment. Lifenet will aim to achieve continuous growth by promptly responding to these changes in the business environment and improving not only its name recognition but also its credibility.

*2. MyVoice Communications, Inc., web survey “Image of life insurers #9” (Dec. 1st-5th, 2013)

*3. Japan Institute of Life Insurance; “National surveillance on life insurance 2012”

3. Priority areas in mid-term business plan

In response to the changes in the business environment and the new challenges to address, Lifenet formulated its new mid-term business plan, which is discussed below, with the purpose of reviewing the areas to focus on hereafter and making a leap to a new growth stage.

First, Lifenet defined its mid-term vision “LIFENET 2015” as to “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”. In addition, as its management goal, Lifenet will aim to achieve ordinary income of 15 billion yen, pushing the company toward profitability based on ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act by fiscal 2015, while maintaining its core values of “integrity, comprehensibility and convenience”. In order to achieve the management goal, Lifenet will focus on the following priority areas in its operation.

Firstly, Lifenet has set three priority areas: sustainable growth in insurance premium income (top line), improvement in productivity, and being an “innovator” (front-runner) in life insurance.

(1) Sustainable growth in insurance premium income (top-line): Lifenet will review its operations centering on its core values, and build the sustainable growth structure. Specifically, Lifenet will commit to build up the scheme to follow-up a prospect, cultivate a specific segment, and strengthen the competitiveness of its existing products, along with the ongoing marketing measures for improving its name recognition.

(2) Improvement in productivity: Lifenet, through zero-based reviews of its business operations, will pursue a cost structure where economies of scale work, and build a solid foundation for constantly providing competitive products and services.

(3) Being an “innovator” (front-runner) in life insurance: Lifenet will seek to realize its core values of “integrity, comprehensibility and convenience” in innovative ways, such as the cutting-edge application of new technologies, Internet devices, etc.

Secondly, in terms of risk management, Lifenet, as a life insurance company that maintains and manages customers' policies over long periods, will sophisticate its risk management and set out to establish risk-based business management.

By committing to these priority areas, Lifenet will steadily move forward toward the achievement of its mid-term business plan.

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.

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Securities Code:7157
TSE Mothers



New Mid-term Business Plan

LIFENET

LIFENET INSURANCE COMPANY

LIFENET INSURANCE COMPANY

May 15, 2013

1. Performance Review

2. Business Environment and Challenges

3. Management Goal and Priority Areas

Overview of Previous Mid-term Business Plan



1. Develop a popular Lifenet Insurance brand that resonates with customers

- ◆ Increase the number of brand supporters
- ◆ Improve name recognition

2. Offer high-quality life insurance services (comprehensible, cost-competitive, and convenient)

- ◆ Provide refined, effective products based on a highly focused lineup
- ◆ Continue to move into new business fields

3. Build a flexible and powerful organization that can constantly improve and take on new challenges

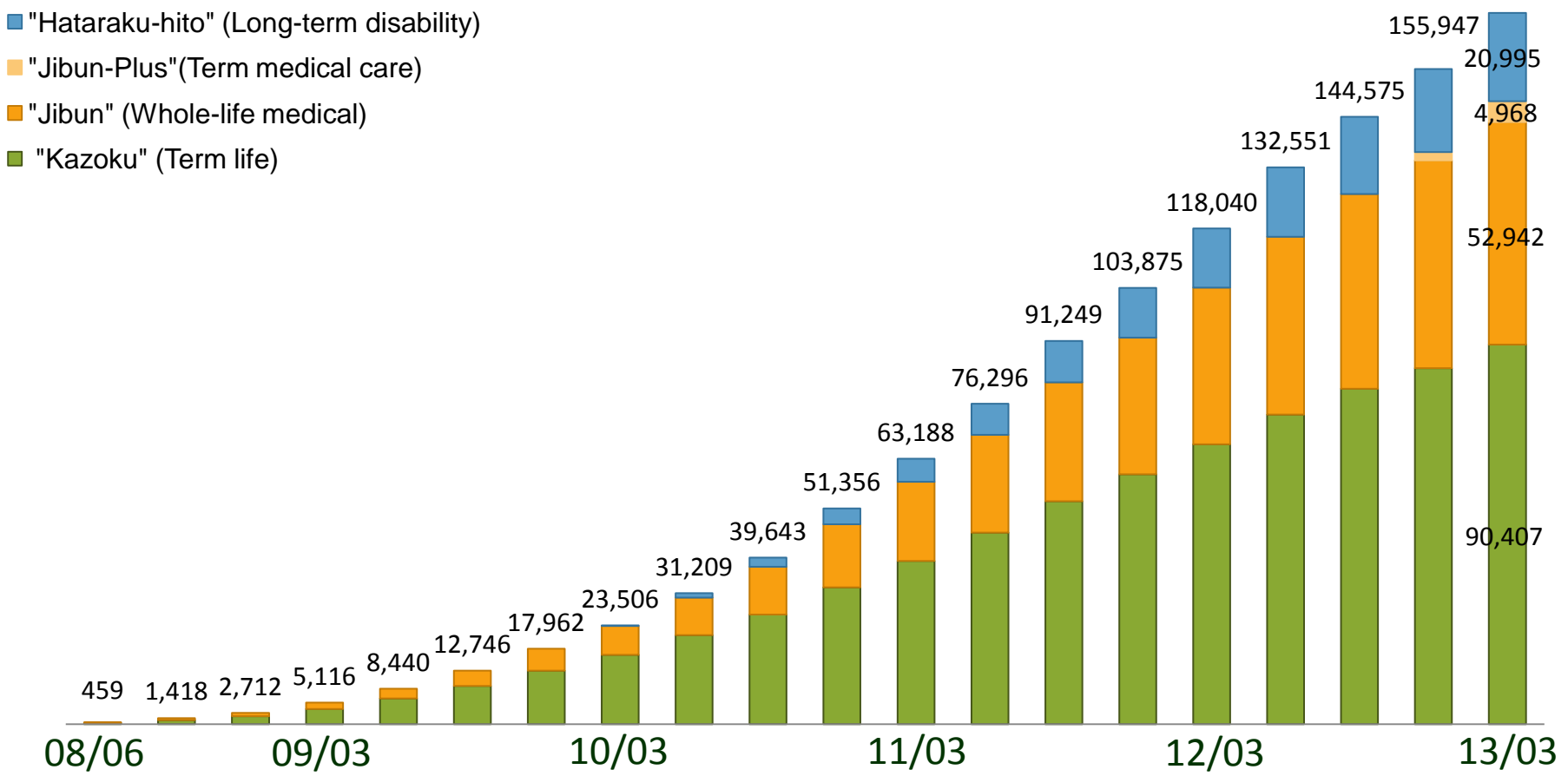
- ◆ Deliver rapid and effective improvements
- ◆ Create a flat, open business structure

Increase the Number of Brand Supporters



■ Achieved the initial management target to reach “150,000 policies-in-force within five years of business commencement” in four and a half years

Number of Policies-in-Force (Quarterly Basis)

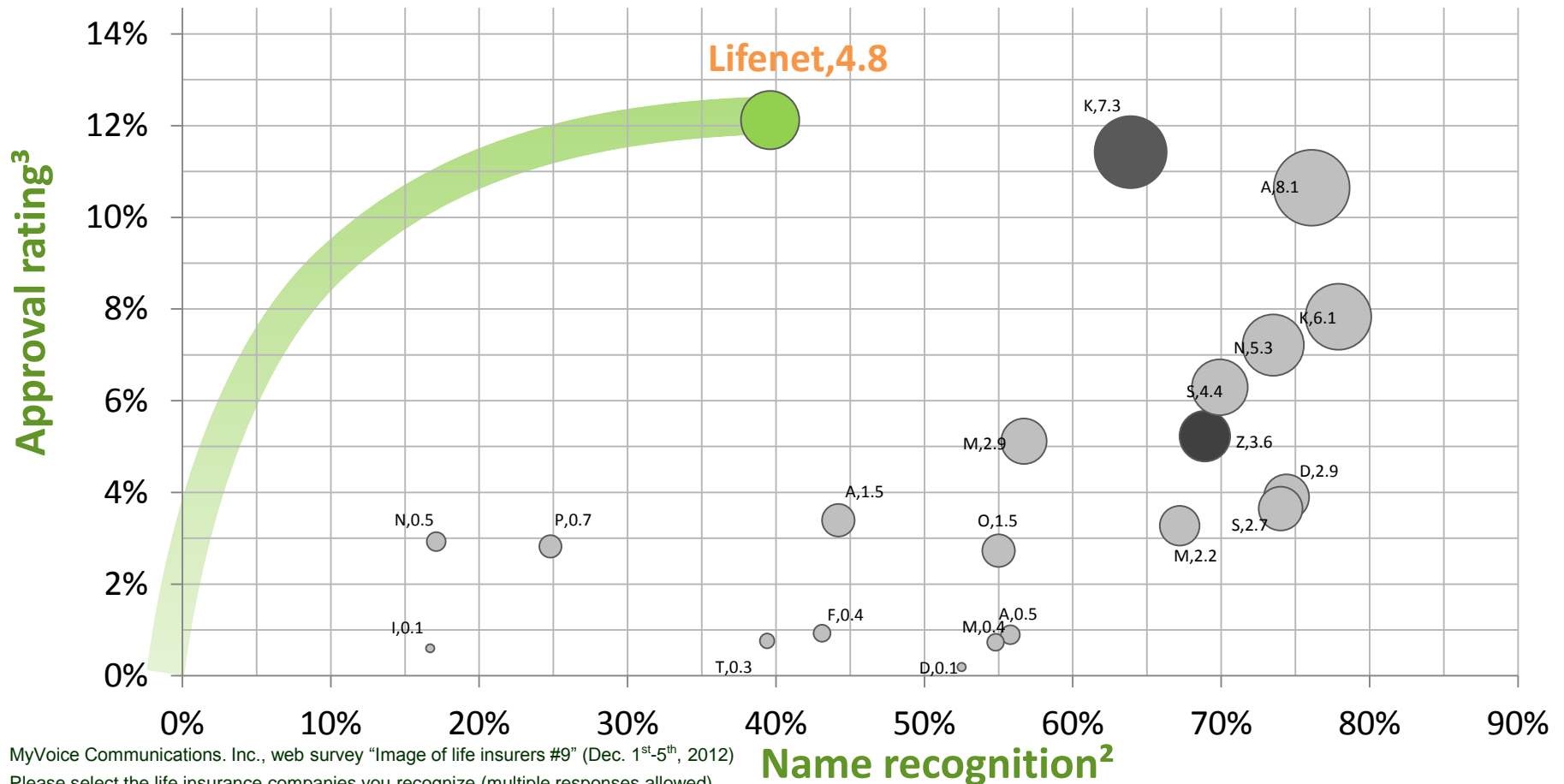


Improve Name Recognition

■ Name recognition successfully increased to 39.6% (as of Dec. 2012)¹

Life Insurers' Positioning regarding Customer Awareness

(Size of circle represents the share of survey respondents who would take out a policy with that company)



1. MyVoice Communications. Inc., web survey "Image of life insurers #9" (Dec. 1st-5th, 2012)

2. Please select the life insurance companies you recognize (multiple responses allowed)

3. From which company would you most likely buy life insurance policy? (single response)

Continue to Move into New Business Fields



LIFENET

- Launched copayment-linked term medical insurance “Jibun Plus” (with cancer and advanced medical care coverage)

Death
Coverage



Term Life Insurance
“Kazoku”

Medical
Coverage



Whole-life Medical Insurance
“Jibun”

Released in Oct. 2012

NEW



Medical Care Insurance
“Jibun Plus”
(with cancer and advanced
medical care cover)

Personal
Long-term
Disability



Long-Term Disability Insurance
“Hataraku-Hito”

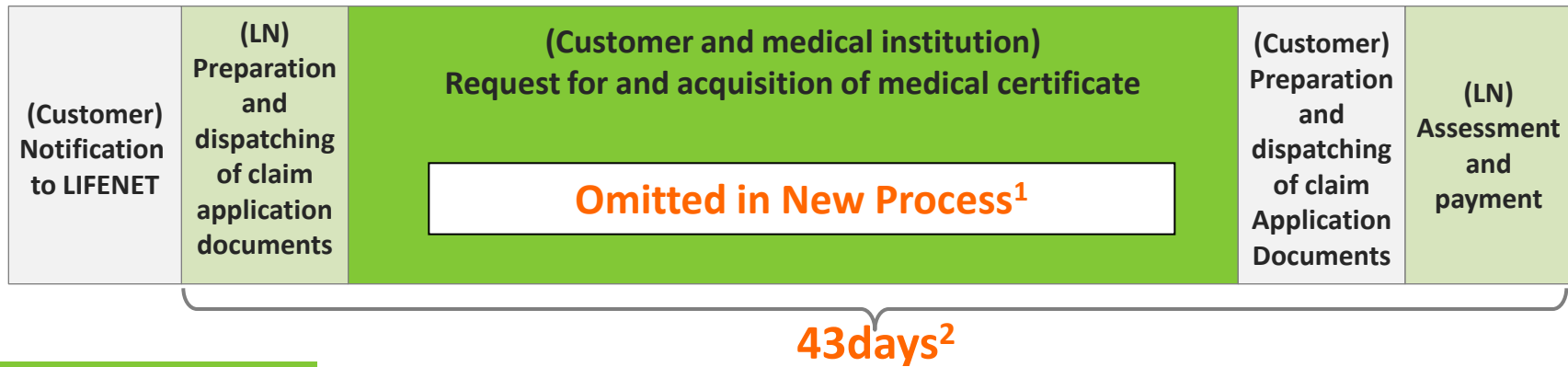
Continue to Move into New Business Fields



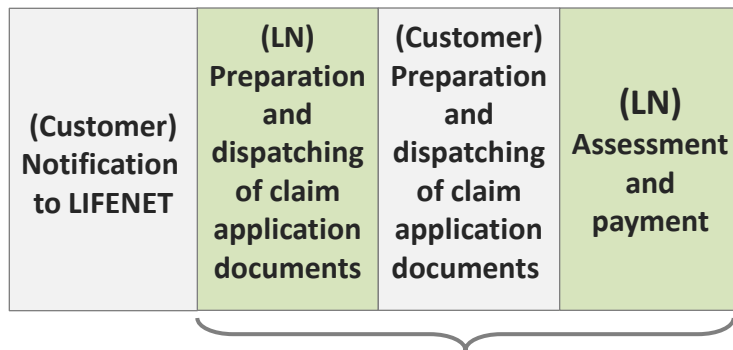
LIFENET

- For more prompt payment, removed medical certificate submission for policy claims

Previously



From Oct 2, 2012 Claim Payment Results (Oct 2012) Relevant Cases: 634



Number of Days from notification to LN to receipt of benefits

43days² → 23days³

Cost of Acquiring Medical Certificate

23 days (minimum 7days)³ approx. JPY 5,000⁴ → JPY 0 (in most cases)

- Note that in the specific cases, Lifenet may require the submission of medical certificates or request to a medical institution, etc. for the confirmation of facts.
- Source: Based on our data on medical policy claims received from the commencement of business to Aug. 2012.
- Source: Based on our data on medical policy claims which does not require medical certificate received from October 2, 2012 to March 31, 2013.
- Source: Based on "2007 Research on Documentation Fees at Medical Institutions" issued by SANRO Research Institute, Inc.

Third-party Evaluation

■ Highly evaluated by third-party here and abroad

- ◆ Contact Center and Website awarded the highest rating three stars in the 2012 HDI Contact Center Rankings (Nov. 2012)



(Contact Center)



(Website)

◆ Other major awards

- ◆ “Stevie® Awards 2012 International Business Awards”
Company of the Year (bronze award) (Aug. 2012)
- ◆ “2012 Stevie® Awards for Sales & Customer Service”
Bronze Stevie Award (bronze award) (Mar. 2012)
- ◆ “Celent Model Insurer Asia Award 2012” (Jan. 2012)
- ◆ “Good Design Award 2011” - Design of Business Model (Oct. 2011)

1. Performance Review

2. Business Environment and Challenges

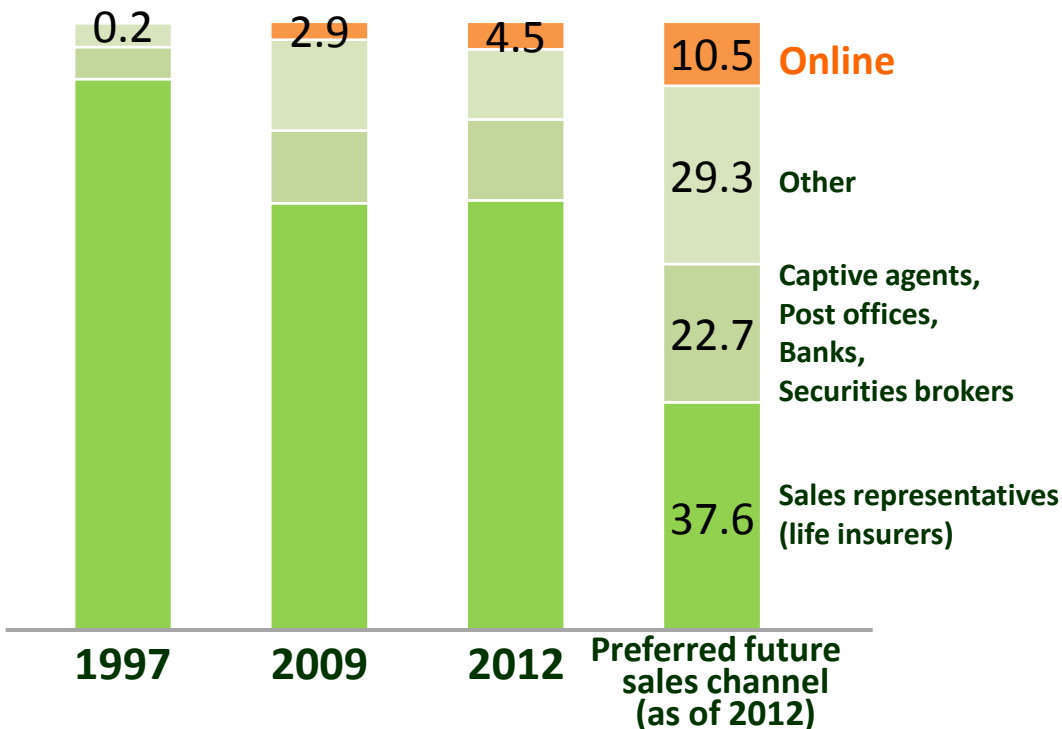
3. Management Goal and Priority Areas

Huge Market Potential



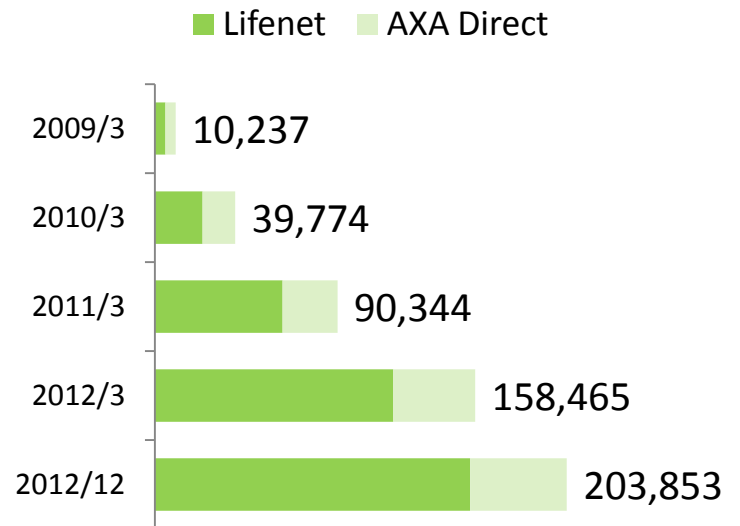
■ Over 10% of customers showing interest in purchasing insurance policies online, while market share of online life insurance still stands around 0.15%

Preferred Future Sales Channels¹ (%)



Market Share of Online Life Insurance

Number of Policies in Force (Lifenet and AXA Direct)



Market Share of Online Life Insurance
(Industry total = 133 mn)²

0.15%

1. Source: Lifenet, based on data from a nationwide report on the life insurance industry (2012) by the Japan Institute of Life Insurance.

2. Source: Lifenet, based on data from The Life Insurance Association of Japan (Dec. 2012).

Change in Competitive Business Environment



■ “Online Insurance” companies - 7 in total (2 pure-Internet companies + 5 others)¹

(Apr. 2008 -)

AXA Direct Life

(May 2008 -)

LIFENET

(May 2011 -)

ORIX Life

(Sep. 2011 -)

Rakuten Life

(Dec. 2011 -)

MetLife Alico Life

(Sep. 2012 -)

Sompo Japan DIY Life

(Nov. 2012 -)

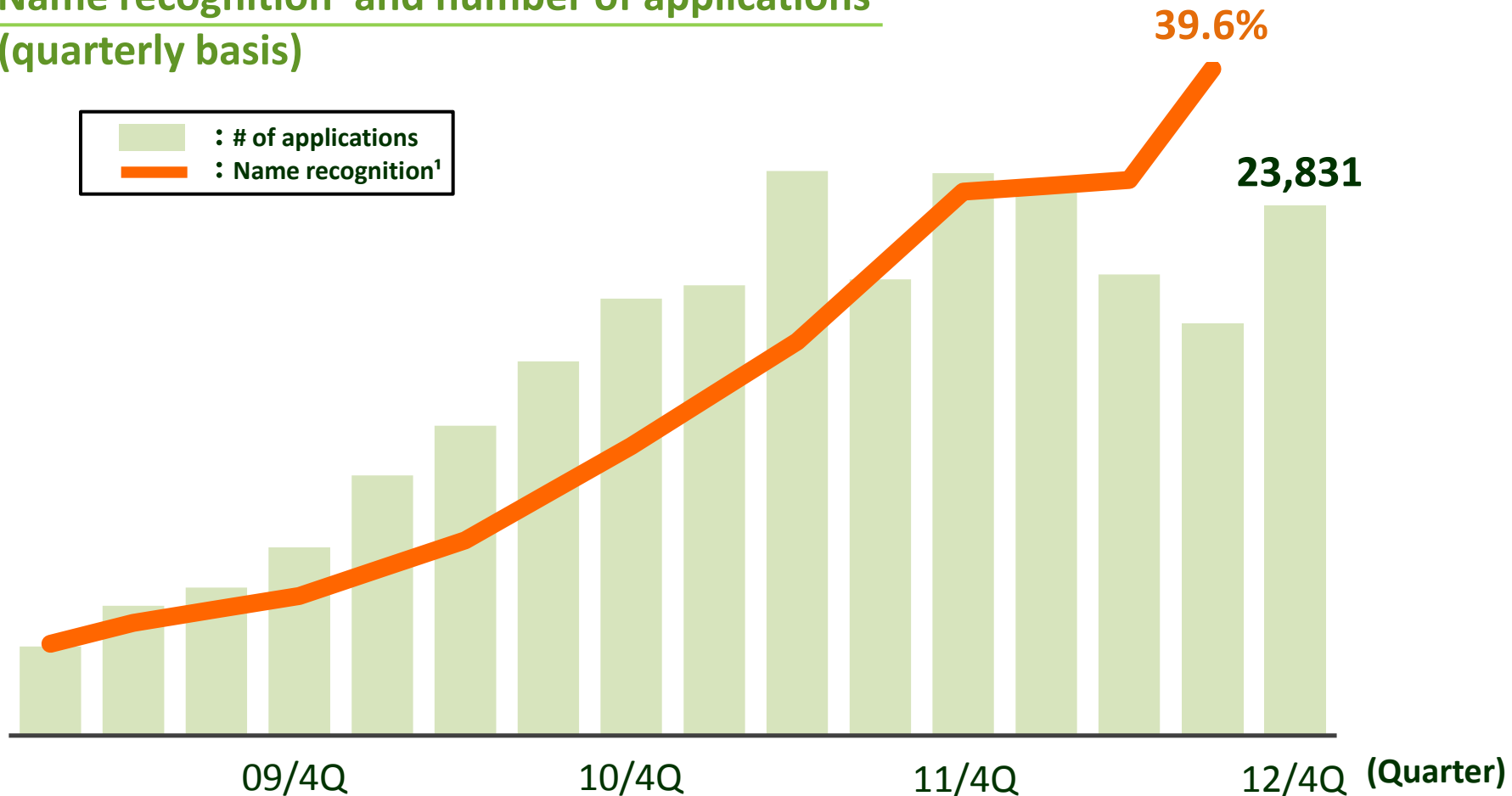
AIG Fuji Life

1. Source: Lifenet (company names are as of May 15, 2013), mm/yyyy is commencing period of online selling.

Issues to be Addressed

■ Sign of changes in correlation between name recognition and application

Name recognition¹ and number of applications
(quarterly basis)

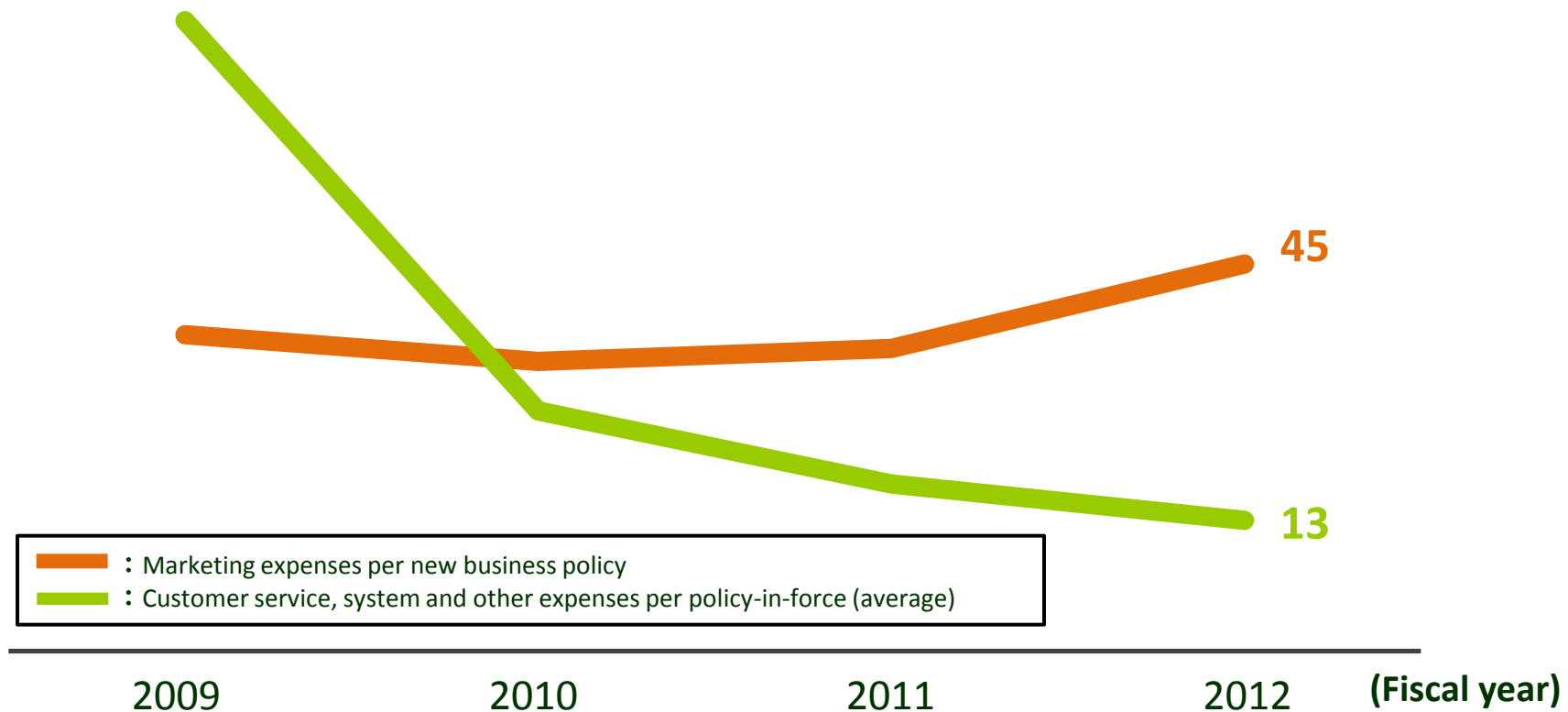


1. MyVoice Communications, Inc., web survey "Image of life insurers #9" (Dec. 1st-5th, 2012)

Issues to be Addressed

■ Decreasing marketing expenses per new business policy, and further improving running cost

Operating Expenses per New Business Policy / Policy-in-Force
(JPY in thousands)



1. Performance Review

**2. Business Environment
and Challenges**

**3. Management Goal
and Priority Areas**

New Mid-term Business Plan



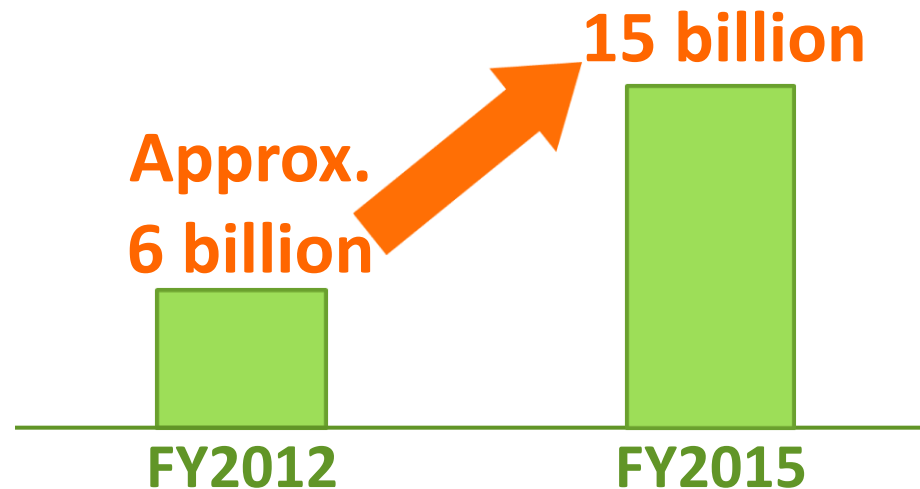
LIFENET 2015

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

Management Goal

- ✓ Archive **15 billion** in ordinary income (FY 2015)
- ✓ Push the company **toward profitability** (FY 2015)

(Based on ordinary profit before amortization of deferred assets under Article 113 of the IBA¹)



Priority Areas in Mid-term Business Plan



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

- ◆ Review its operations centering on its core values, and build a sustainable growth structure
 - Efficiency in the existing business model (pull-marketing model)
 - Build up the scheme to follow-up prospects
 - Cultivate specific segment needs
 - Strengthen the competitiveness of its existing products etc.

2. Improvement in productivity

- ◆ Through zero-based reviews of its business operations, pursue a cost structure where economies of scale work, and build a solid foundation for constantly providing competitive products and services

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

- ◆ Seek to realize its core values of “integrity, comprehensibility and convenience” in innovative ways, such as the application of cutting-edge new technologies, Internet devices, etc.

LIFENET Manifesto



I. Our Guiding Principles

- (1) We believe that our responsibility to society is to return life insurance to its original state. Life insurance is for the customers, not for the company. In order to achieve this goal, we will only offer products we can recommend with confidence.
- (2) We will be transparent. We will disclose information on our management, products and company as a whole on our website to actively communicate with customers and society.
- (3) We will be fair. We believe that our services will be more benevolent if the employees are free of any and all limitations they may feel in the work environment, and as such, we will not discriminate against education, gender, age, nationality, or familial situations.
- (4) We will adhere to laws protecting personal information and comply with laws, regulations, and other social standards. We pledge to be respectable global citizens, acting fairly and ethically.

III. Life Insurance will be Cost-Competitive

- (1) We believe that no one should pay premiums that are more expensive than necessary, and will be innovative and creative in order to develop and maintain the most cost-competitive products possible.
- (2) We will handle every step of the process in providing good products to our customers; from the development of the products to the sales. This allows for us to maintain our cost-competitive prices.
- (3) Our products will be cost-competitive, but the content of the products and our services will not be sacrificed. All communication with customers will be conducted accurately and quickly, including claim processes.
- (4) Life insurance is a very expensive purchase, and life is also very expensive. We want for our customers to spend less on life insurance, and more on enjoying life.

II. Life Insurance will be Comprehensive

- (1) Our products will be simple and comprehensible. There will not be complex policies with special provisions.
- (2) Life insurance is a financial product designed to mitigate risk, and we believe the customer should decide what products are necessary for them. As we feel it is critical for customers to be well informed of products and policies, we will make accessible any and all relevant information on our website for customers to make logical and rational decisions. The Customer Contact Center is also available for further clarifications and questions.
- (3) Our website will promote the understanding of not only our company's products, but of life insurance in general.
- (4) We will make life insurance products tangible via clearly written policies and comprehensible terms and conditions.

IV. Life Insurance will be Convenient

- (1) We know our customers have very busy lives. That is why our customers can apply for our life insurance policies via the internet, 24 hours a day, 7 days a week.
- (2) Our documents require only a signature. There are no other typical official items required to verify personal identification.
- (3) Our definition of "surgery" is aligned with the national healthcare insurance point table, making the claim process much more convenient and comprehensible.
- (4) We have a proxy claim system, allowing for the third party designated by the claim holder to file a claim. The appointed proxy need simply to make a phone call to our contact center for necessary documents.

**This manifesto is not simply as a declaration. This is how we do things.
Join us on our journey.**



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

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