

Securities Code:7157
TSE Mothers



LIFENET

LIFENET INSURANCE COMPANY

**Investor Meeting
Presentation
for
Second Quarter
Fiscal 2012**

LIFENET INSURANCE COMPANY

November 16, 2012

LIFENET is...



**Comprehensible
Cost-Competitive
Convenient**

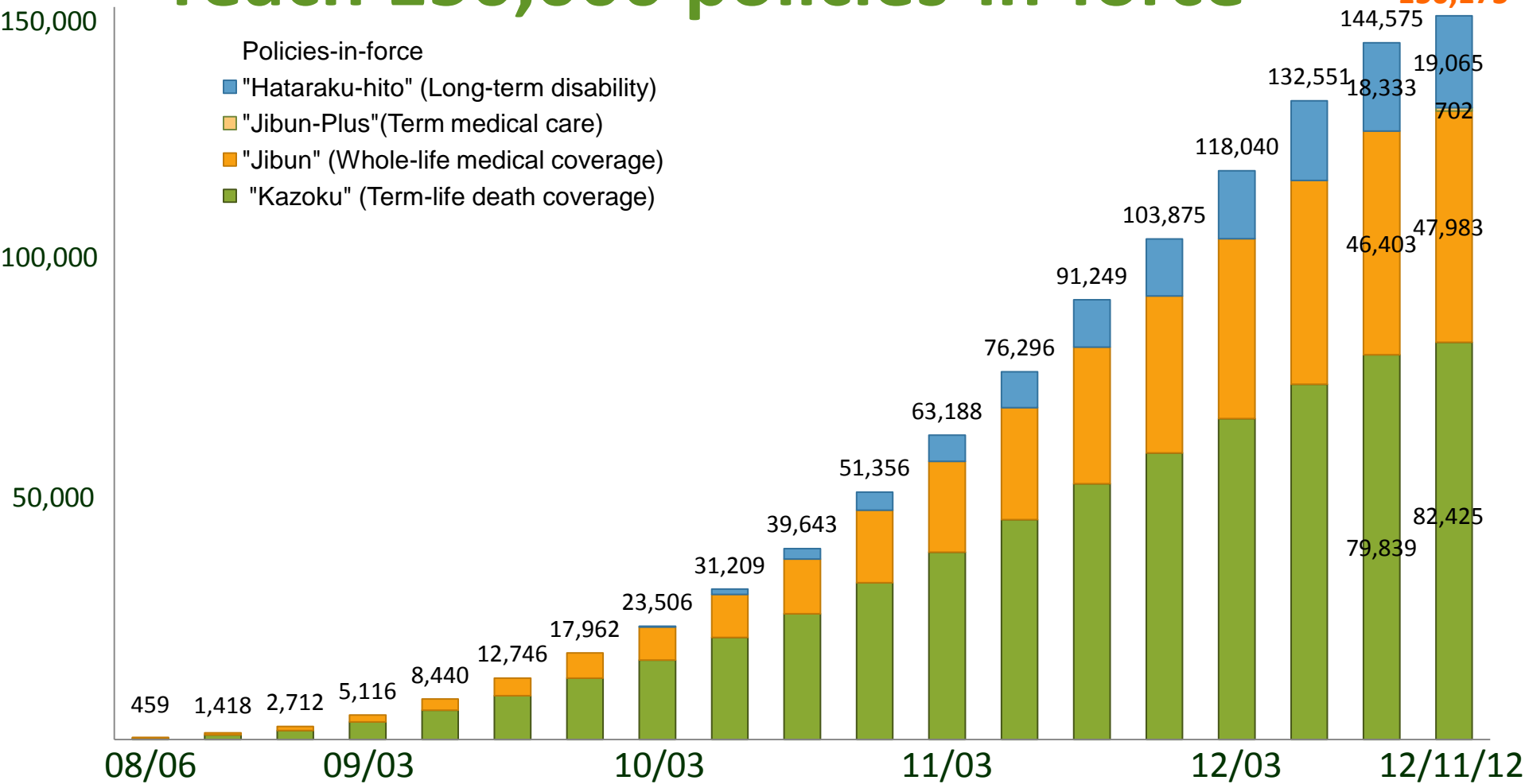
Returning to the original purpose of life insurance – mutual support – Lifenet was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity.

We offer 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.

Reach 150,000 Policies-In-Force

Achieved management target to reach 150,000 policies-in-force



The Road to 150,000

May 18, 2008

Commenced Business Operations



就業不能保険
「働く人への保険」



Nov 2008

Disclosure of Net Premiums
(Product Cost Structure)

Aug 2009

Policies-in-Force exceeds 10,000

Feb 2010

Launch of Long Term Disability

Dec 2010

Policies-in-Force exceeds 50,000

Jul 2011

Broadcasting of the TV program
“Cambrian Palace”(TV Tokyo)

Dec 2011

Policies-in-Force exceeded 100,000

Mar 2012

IPO and Listing on the TSE “Mothers”

Oct 2012

Launch of Term Medical Insurance

Nov 2012

Policies-in-Force exceeds 150,000



定期療養保険 定期型
「じぶんへの保険プラス」
(がん・先進医療保障付き)

Mid-term Business Plan

■ Considering mid-term business plan with new management target

Three key strategies (announced June 22, 2011)

1. Develop a popular Lifenet brand that resonates with customers
2. Offer high-quality life insurance services (comprehensible, cost-competitive, and convenient)
3. Build a flexible and powerful organization that can constantly improve and take on new challenges

Next Phase

■ Moving ahead based on our Manifesto

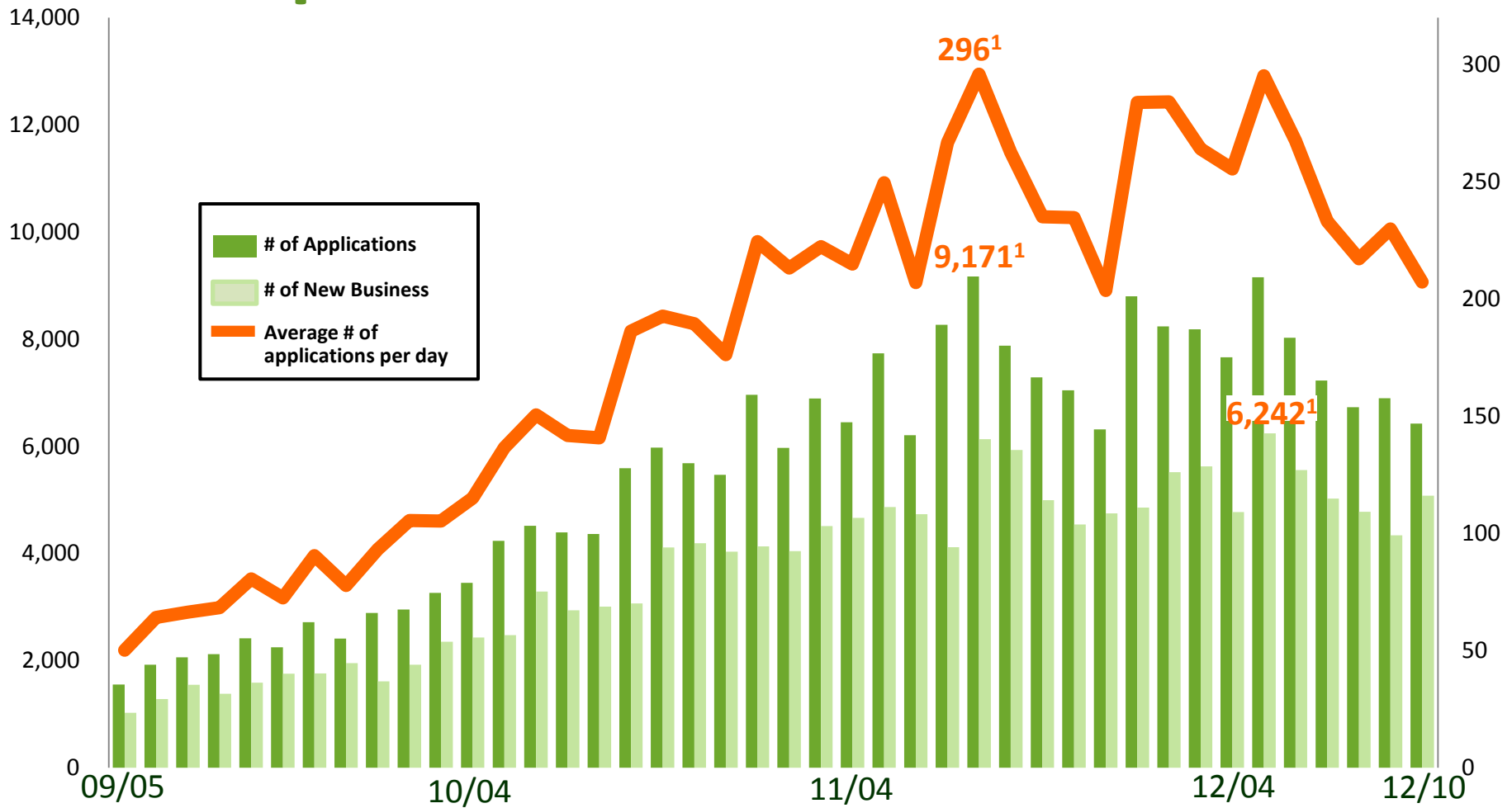


Photo: Shareholders' meeting held on Jun. 24, 2012

- 1. Outline of Business
Results for 2Q of fiscal 2012**
- 2. Challenges to Be Addressed**

Growth Track Record

■ Maintain an overall increase despite some fluctuation



Key Figures (first-half year ended Sep. 30)



- 1. Operating Income** **JPY 2,821mn**
(175% of corresponding period of fiscal 2011¹)
- 2. Number of Policies-in-Force** **144,575**
(122% of end of fiscal 2011²)
Number of New Business **30,709**
(same level as corresponding period of fiscal 2011²)
- 3. Value of New Business** **JPY 338mn**
(ultimate unit cost base)
(40% of corresponding period of fiscal 2011³)

1. Ordinary Revenues FY2011: JPY1,611mn → FY2012: JPY2,821mn (The former half year each)

2. Number of New Business FY2011: 30,444 → FY2012: 30,709 (The former half year each) Number of Policies-in-force FY2011: 118,040 → FY2012 former half year: 144,575

3. Value of new business (Normalized) FY2011: JPY840mn → FY2012: JPY338mn (The former half year each)

Topics (first-half year ended Sep. 30)

Recognition from Stakeholders

Awards for Website & Contact Center



Special sites that received good reviews



CONTENTS BATTLE!



“Inochi-no-Kazoekata”

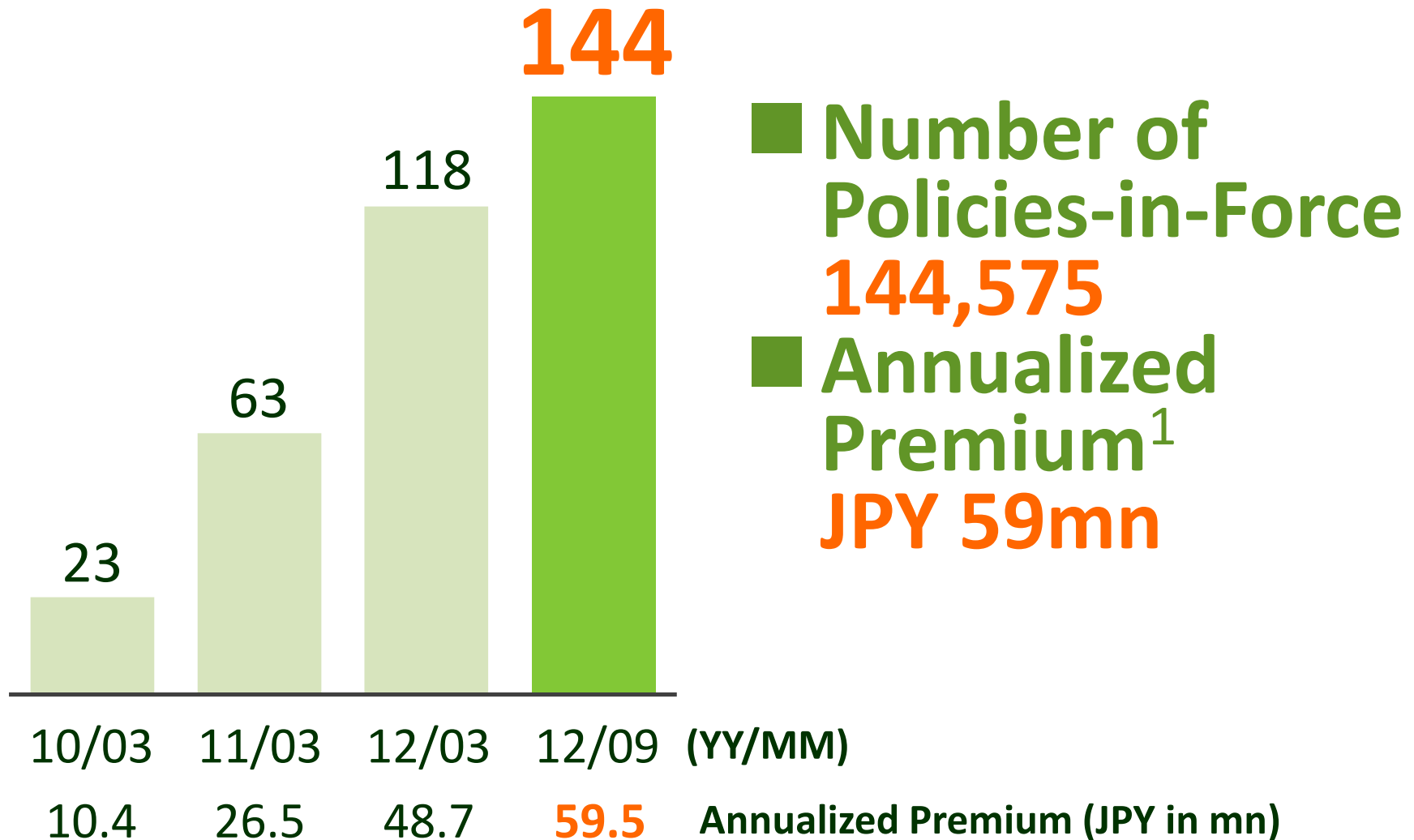
The first AGM after listing



Held on Jun. 24, 2012 Sunday

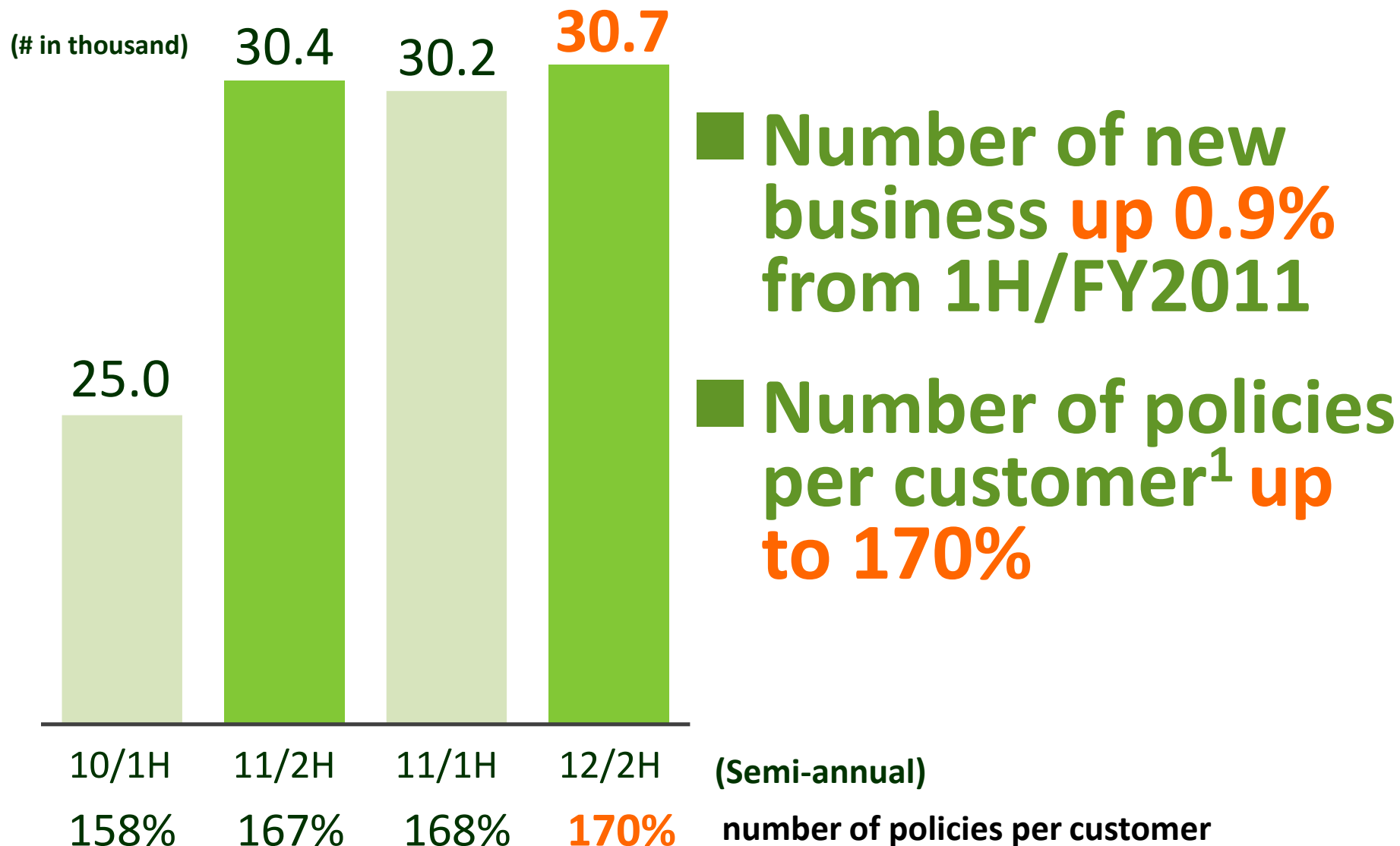
Policies-in-Force

(# in thousand)



1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

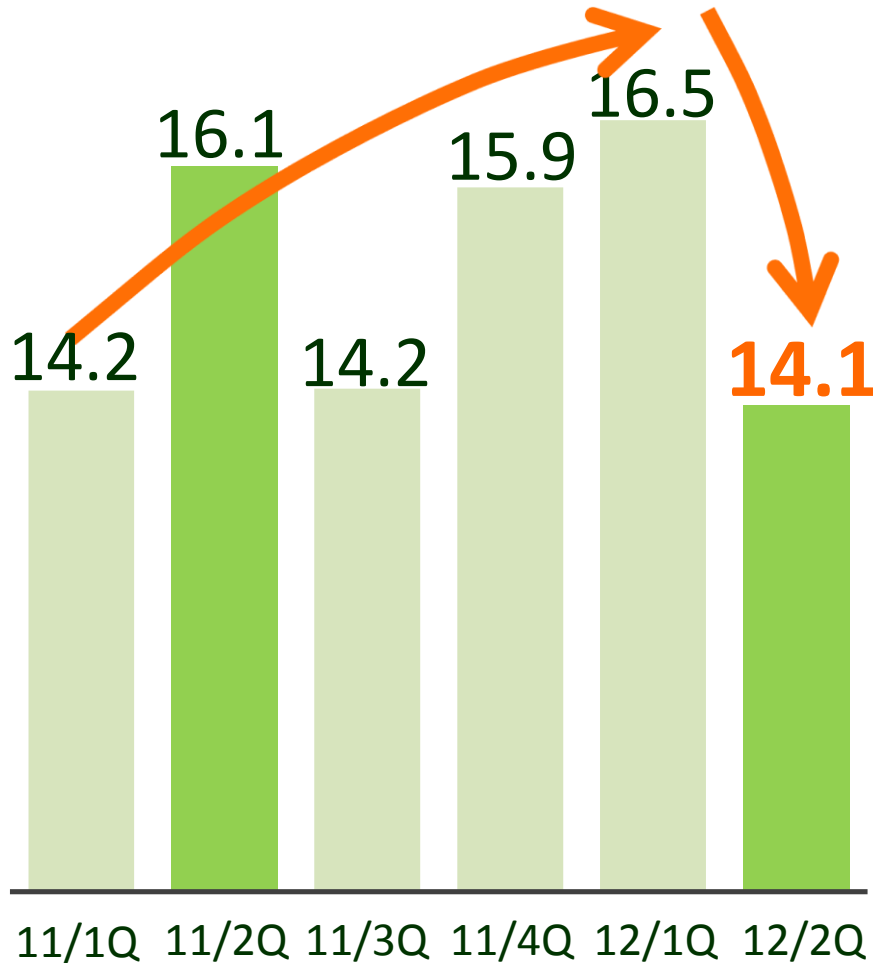
New Business (first-half year ended Sep. 30)



1. The ratio of new business / new customers of each half years, including additionally purchased policies by current customers.

New Business (Quarterly)

(# in thousand)

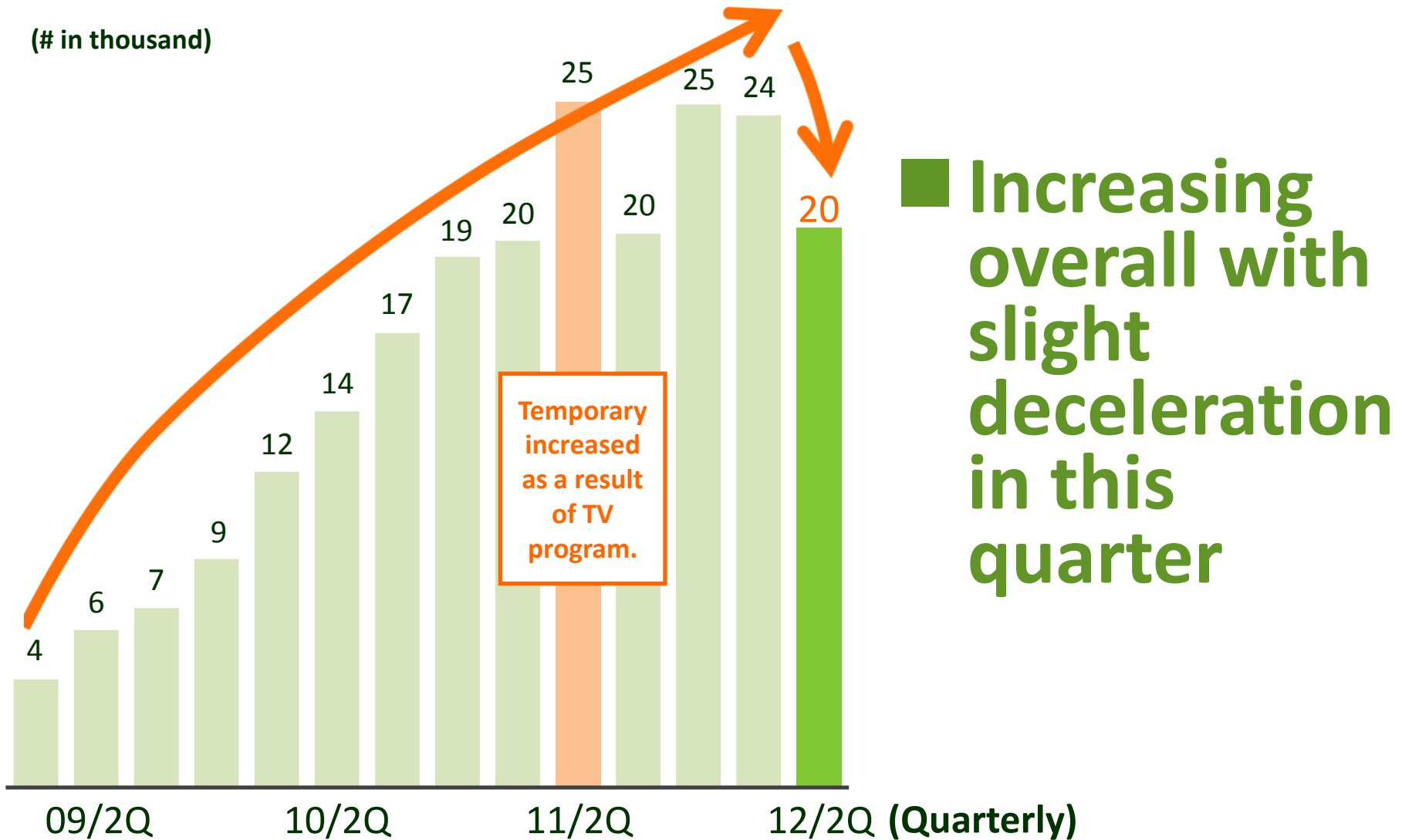


■ Number of Policies-in-Force **down 12.6%** from 2011 2Q

■ Temporary high number in 2011 2Q due to TV program¹

1. Jul. 14, 2011 Broadcasting of the TV program "Cambrian Palace" (TV Tokyo)

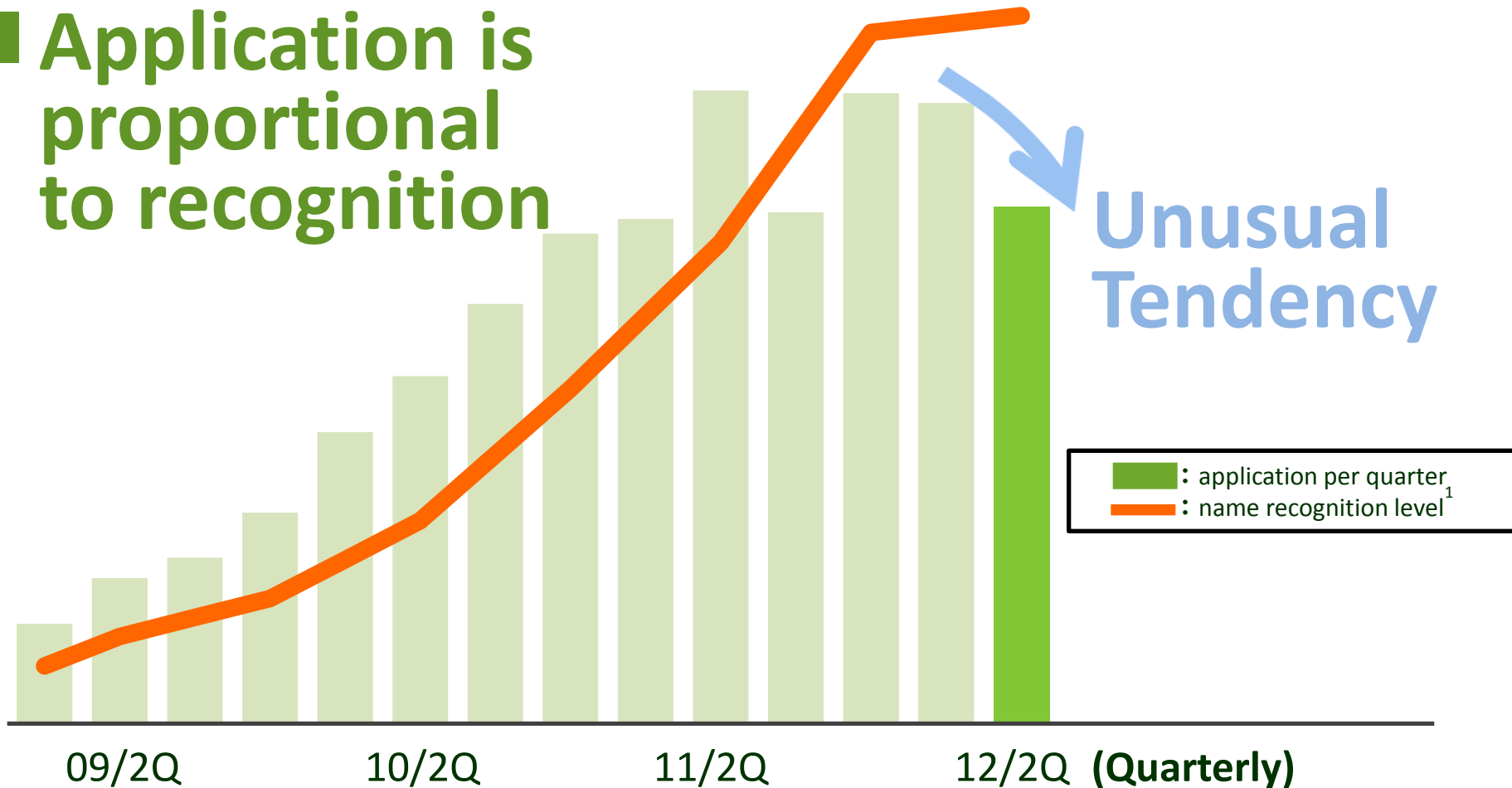
Applications (Quarterly)



Name Recognition and Application

Correlation between name recognition¹ and application

■ Application is proportional to recognition



1. Source: A life insurance company perception survey by MyVoice Communications, Inc.

Reasons of Deceleration in 2Q

■ Changes in trend of tech devices

More use of **smart phones and tablets**

■ Changes in customer segments

From **early adopter** to **semi-mass**

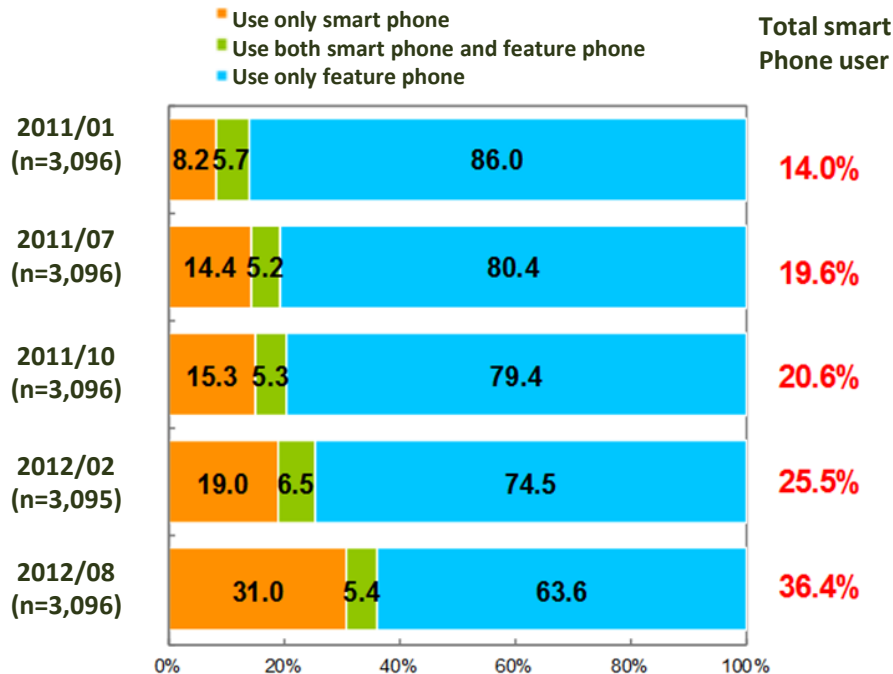
■ Changes in specification of search site

Decrease visitor to our website by other companies' **paid listing**

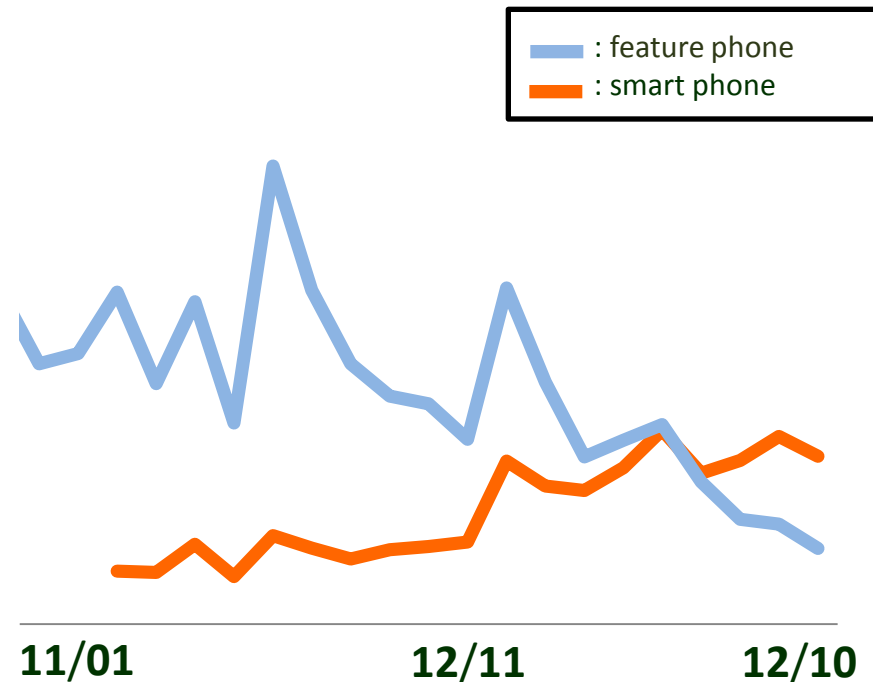
Changes in Trend of Tech Devices

More use of smart phones and tablets

More use of smart phones¹



Increase document request by smart phones²



1. Source: D2C Inc. (2012/08) <http://www.d2c.co.jp/news/2012/20121018-1526.html>

2. Source: Our date of document request

Changes in Trend of Tech Devices

Smart phones and tablets use increase



Daisuke Iwase
@totodaisuke



Following

最近、家ではスマホかタブレットだけで、PCは開くなくなった人が増えていると聞いたのですが、ホントですか

← Reply ↻ Retweet ★ Favorite

「かなり減った」という声が予想以上に多くてびっくり



@totodaisuke 確かに。ほぼPCは使わなくなりました。

2012.11.04 02:56 twitter



@totodaisuke 激減しました。PCは、週二回開くぐらいです。買って間もない、ウルトラブックでもスマホの気軽さにはかないません。

2012.11.04 00:52 twitter



@totodaisuke かなりPCを開く回数は減りましたね。

2012.11.04 06:53 twitter



ホントです。笑”@totodaisuke: 最近、家ではスマホかタブレットだけで、PCは開くなくなった人が増えていると聞いたのですが、ホントですか”

2012.11.04 00:50 twitter



<http://matome.naver.jp/odai/2135208226487940101>

まだまだ続く、「めっきり減った」という声



はい、スマホで家ではほとんどPC開きません。週一以下です。”@totodaisuke: 最近、家ではスマホかタブレットだけで、PCは開くようになった人が増えていると聞いたのですが、ホントですか”

2012.11.04 09:34 twitter



@totodaisuke スマホは持っていませんが、iPadを購入してからは、5分の1以下に減ったと思います。。。

2012.11.04 08:11 twitter



@totodaisuke 今の私がまさにそうです。起動する時間がストレスかも。

ちなみに、ネットショッピングはどうしてるの？



@totodaisuke 両方ですね。本とか、普段買う商品はスマホの比率が高くなりました。ただ、じっくり比較検討したい場合はPCですね。

2012.11.04 00:57 twitter

最後に、プロのご意見。



tabbata 田端 信太郎

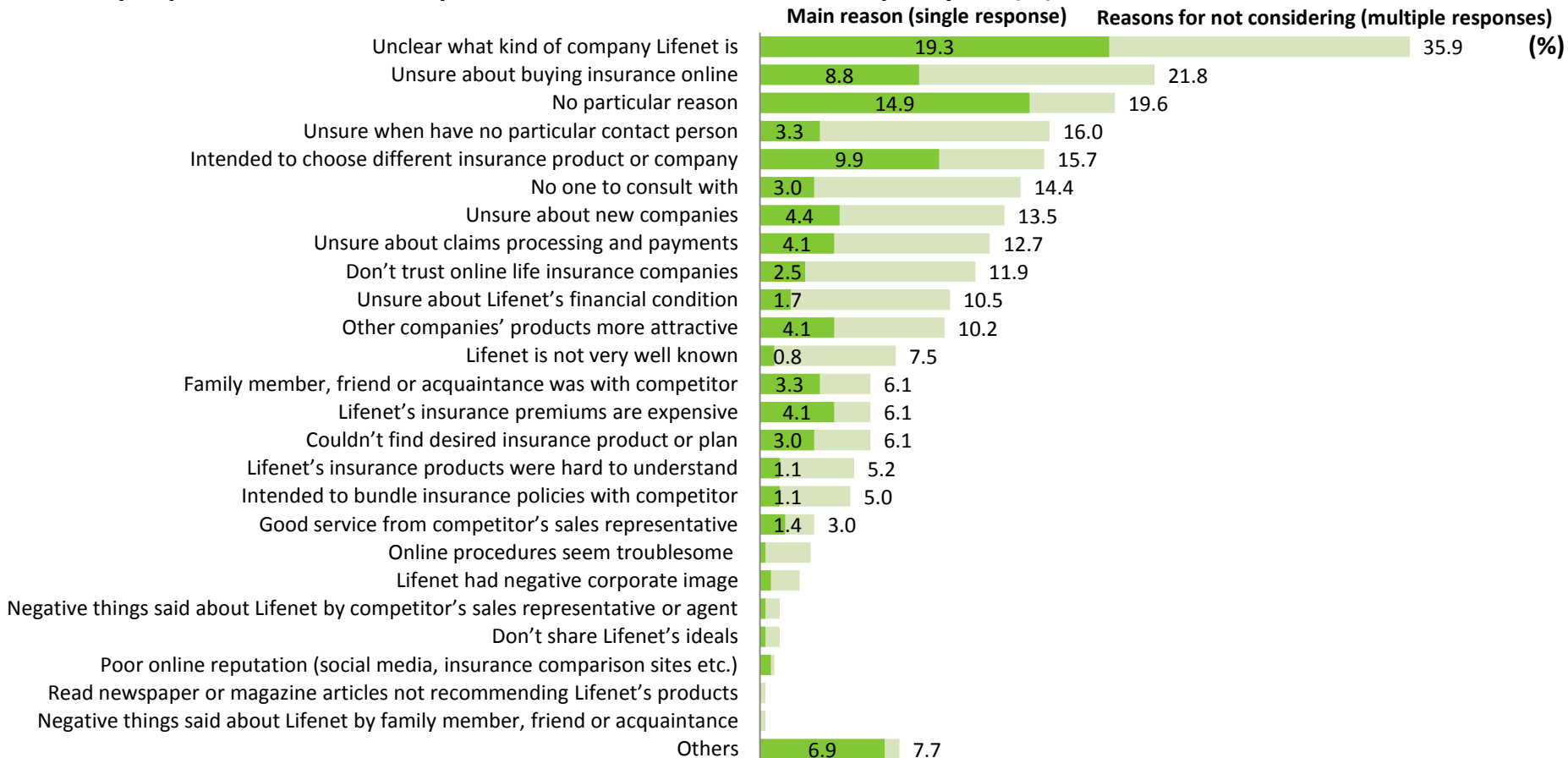
@totodaisuke 弊社がマクロミルさん経由で調べた、LINEユーザーへのリサーチ結果からは、LINEユーザーのPCで併用事情は、スマホのみ利用10%、両方使うけどスマホ中心約50%、両方同じくらい20%で、LINEyaスマホユーザーでは、完全にスマホに重心が来てます。

2012.11.04 09:40 twitter

Changes in Customer Segments

■ Gradual shift from early adopters to semi-mass market

Responses from those who were aware of Lifenet but did not consider buying its product among people in their 30's who purchased death insurance in the past year¹(%)

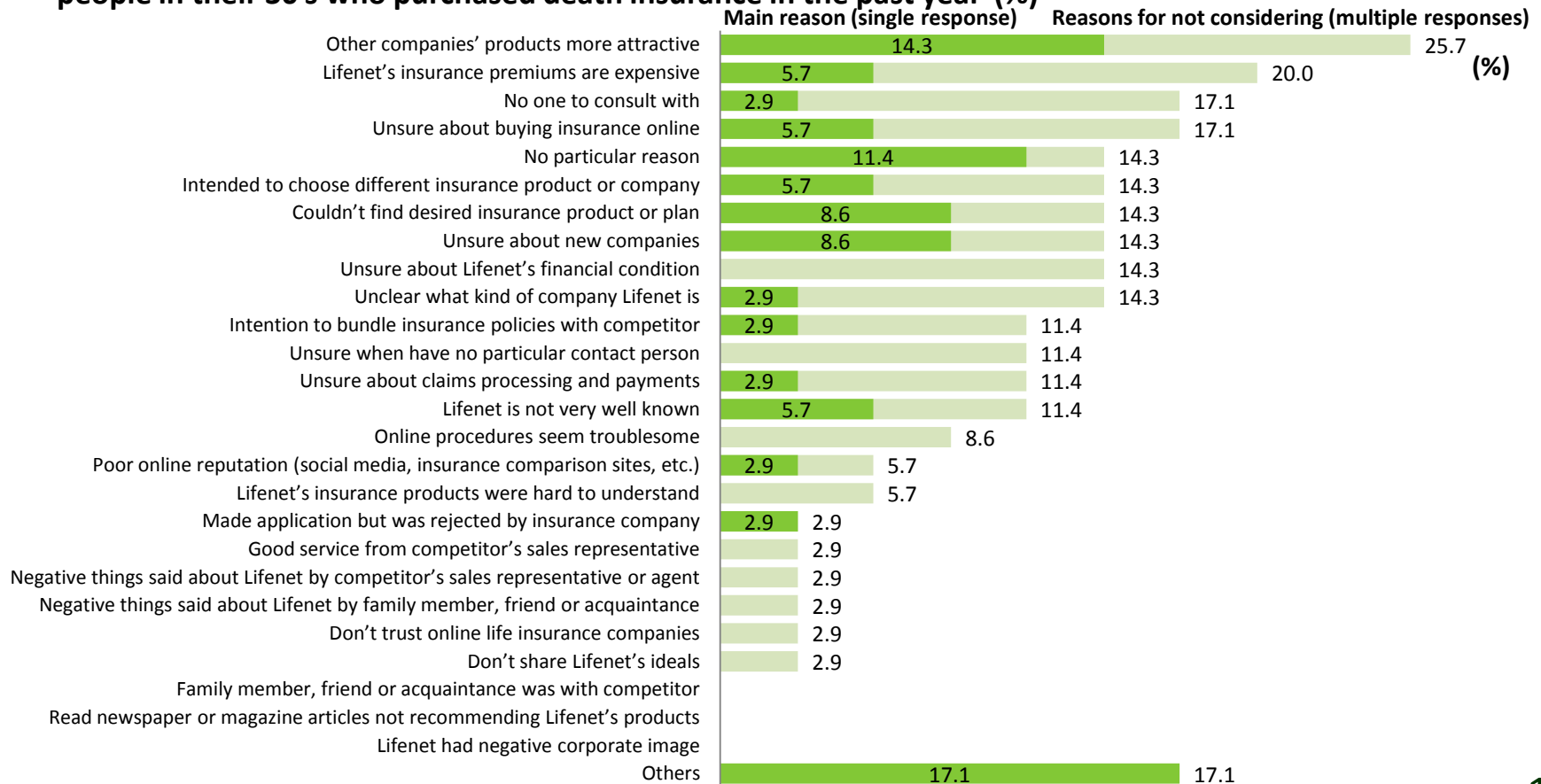


1. Based on a survey of life insurance customers in their 30's (conducted by Lifenet, July, 2012) (N=362)

Changes in Customer Segments

■ Understand needs of new customer and resolve needless anxiety by providing reassurance

Responses from those who considered buying Lifenet's product but did not actually do so among people in their 30's who purchased death insurance in the past year¹(%)

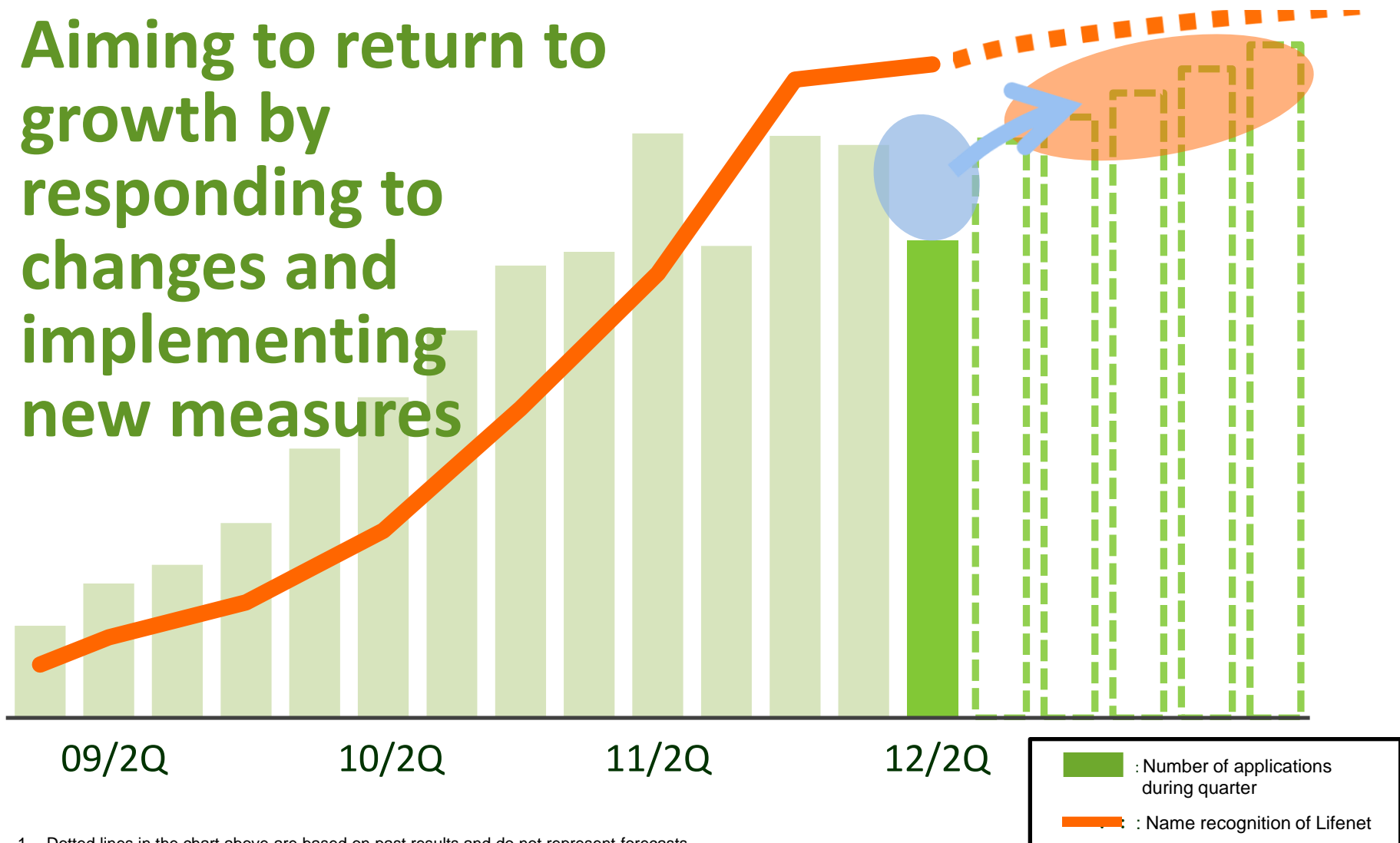


1. Based on a survey of life insurance customers in their 30's (conducted by Lifenet, July, 2012) (N=35)

Name Recognition and Applications

Correlation between name recognition² and application

Aiming to return to growth by responding to changes and implementing new measures

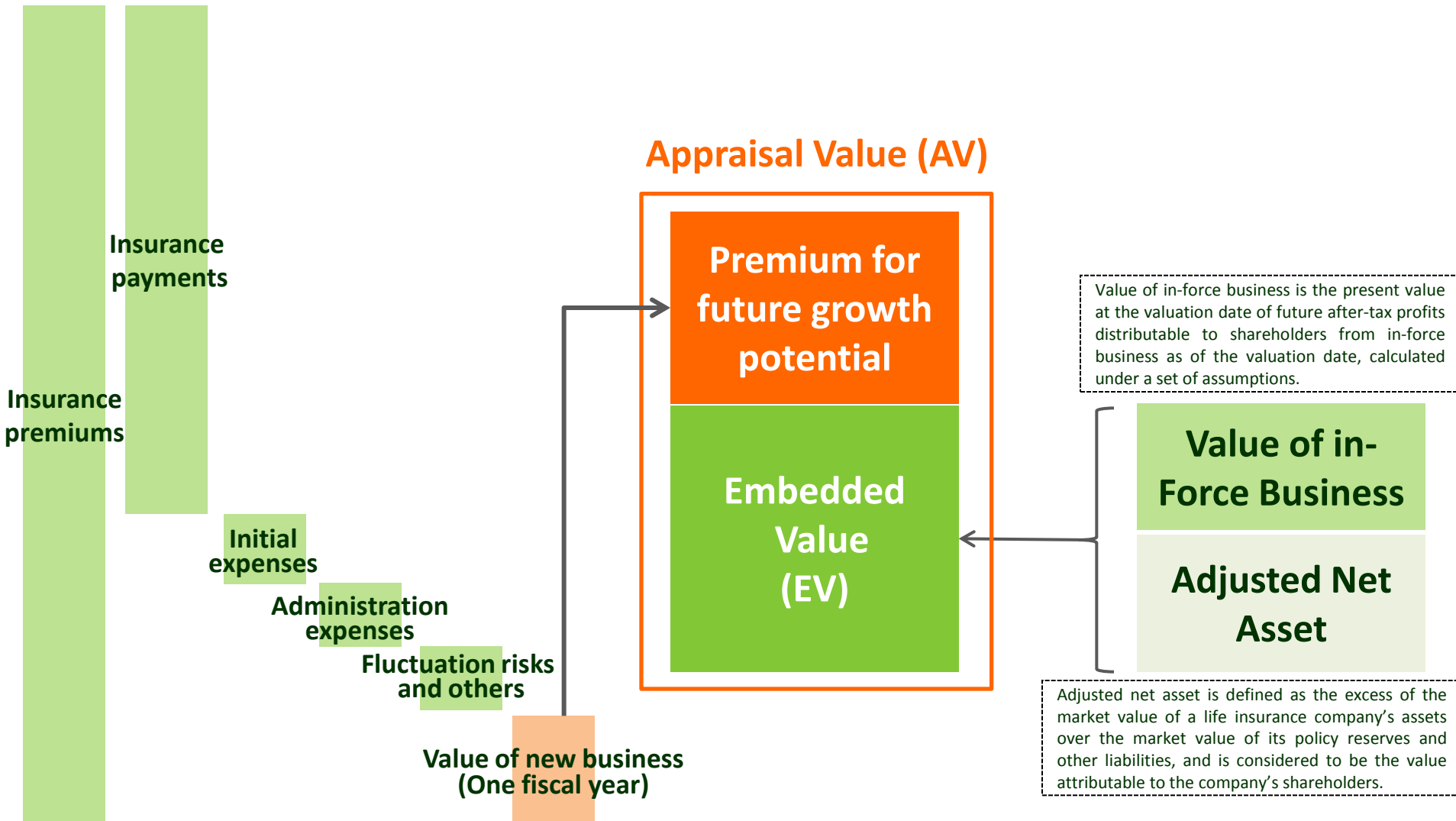


1. Dotted lines in the chart above are based on past results and do not represent forecasts.

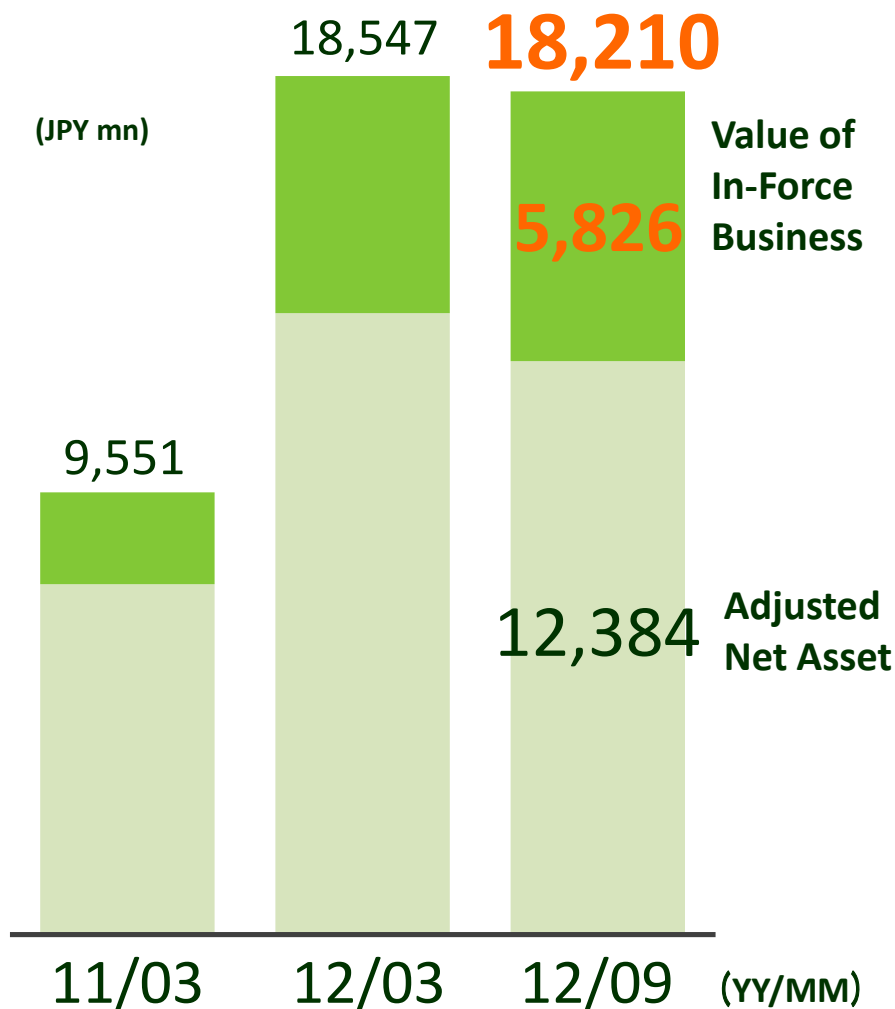
2. A life insurance company perception survey by MyVoice Communications, Inc.

Embedded Value and Value of New Business

(Illustrative purpose only: Based on present value)



European Embedded Value¹

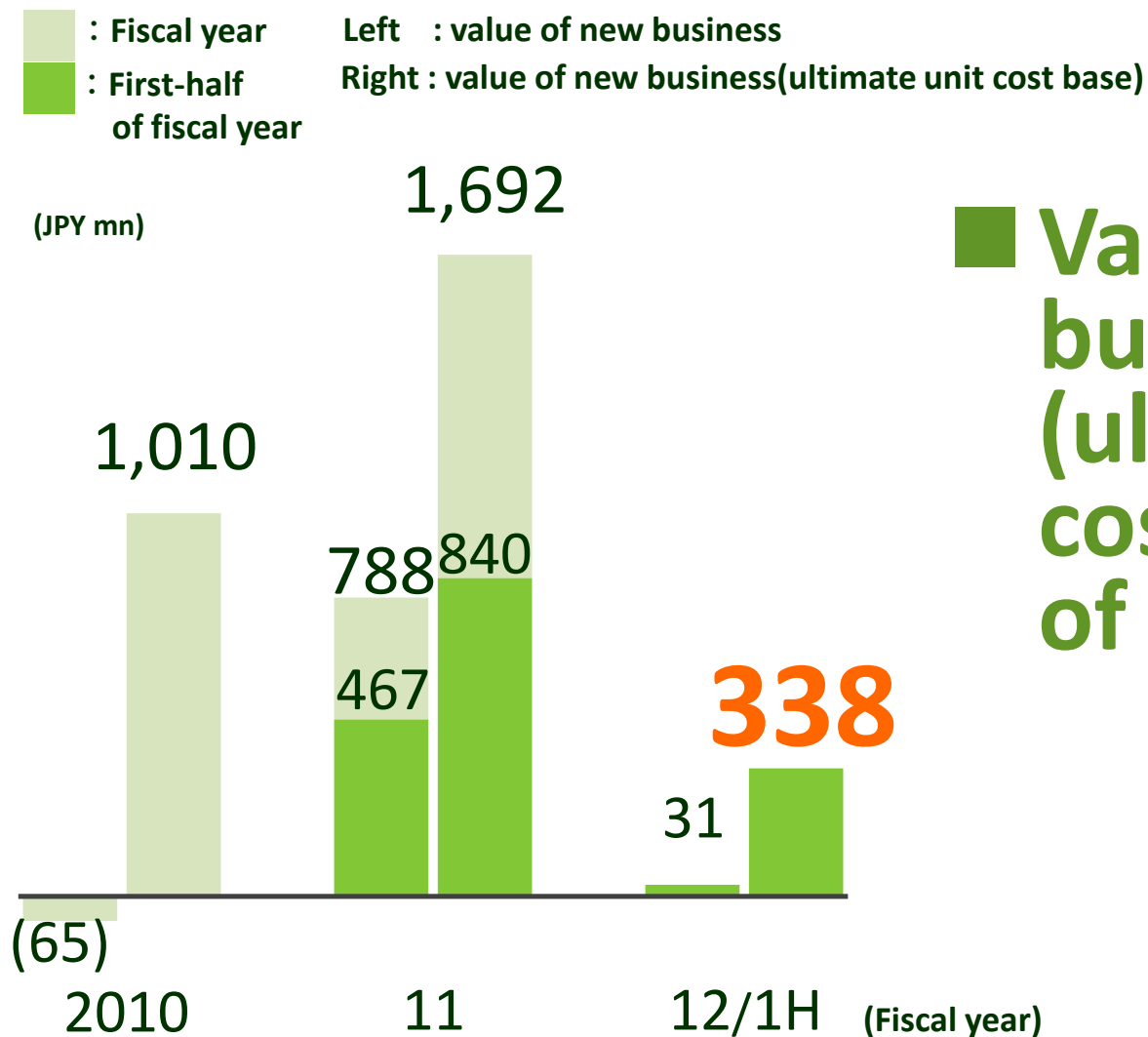


■ Value of in-force business
114%² of
March 31, 2012

1. Lifenet has fully adopted the EEV Principles, while also taking into account a market-consistent approach for reflecting such as risks, in calculating its EV. Traditional EV differs depending on assumptions and calculation methods.

2. Value of in-force business 5,122 million yen (as of March 31, 2012) → 5,826 million yen (as of September 30, 2012)

Value of New Business (VoNB)

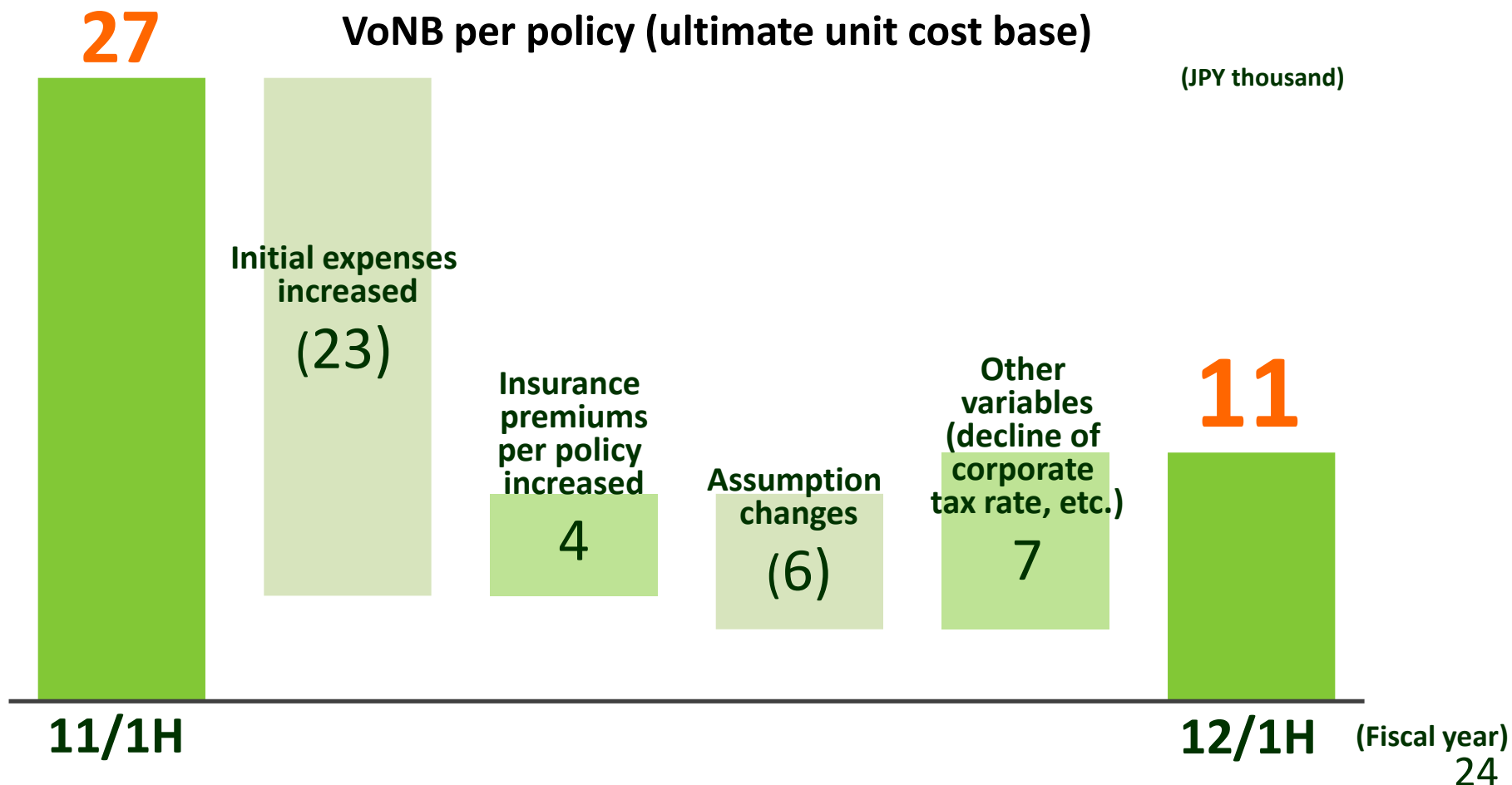


Value of new business (ultimate unit cost base) 40% of 1H/FY2011

1. The expense assumptions used to calculate the EEV and the value of new business are set based on the premise that unit costs decrease as the number of policies in force increases, and reach their ultimate equilibrium levels, at which income and expenses are equal, in the tenth year after the company's start-up (fiscal 2017). For reference, "Value of new business (Ultimate Unit Cost base)" shows the value of new business calculated applying the ultimate unit costs to all years.

Structure Breakdown of VoNB per Policy

■ Decrease due to active advertising expenses with IPO



VoNB (Ultimate Unit Cost Base)

(JPY mn)		Fiscal 2011	1st half fiscal 2011	1st half fiscal 2012	Per new business for 1st half/2012 (JPY thousand)
Certainty equivalent present value of future profit		6,270	3,070	3,417	111
-)	Time value of financial options and guarantees	-	-	-	-
-)	Frictional cost of capital	(45)	(27)	(21)	(0)
-)	Allowance for non market risk	(2,761)	(1,334)	(1,487)	(48)
Value of in-force business		3,462	1,708	1,908	62
-)	Adjusted net worth	(1,769)	(867)	(1,569)	(51)
Value of New Business (Ultimate Unit Cost base)		1,692	840	338	11
(ref. Value of New Business)		788	467	31	1
(ref. Present value of in-force business premiums)		34,393	17,313	17,913	
New business (policy)		60,725	30,444	30,709	

Historical Financials



LIFENET

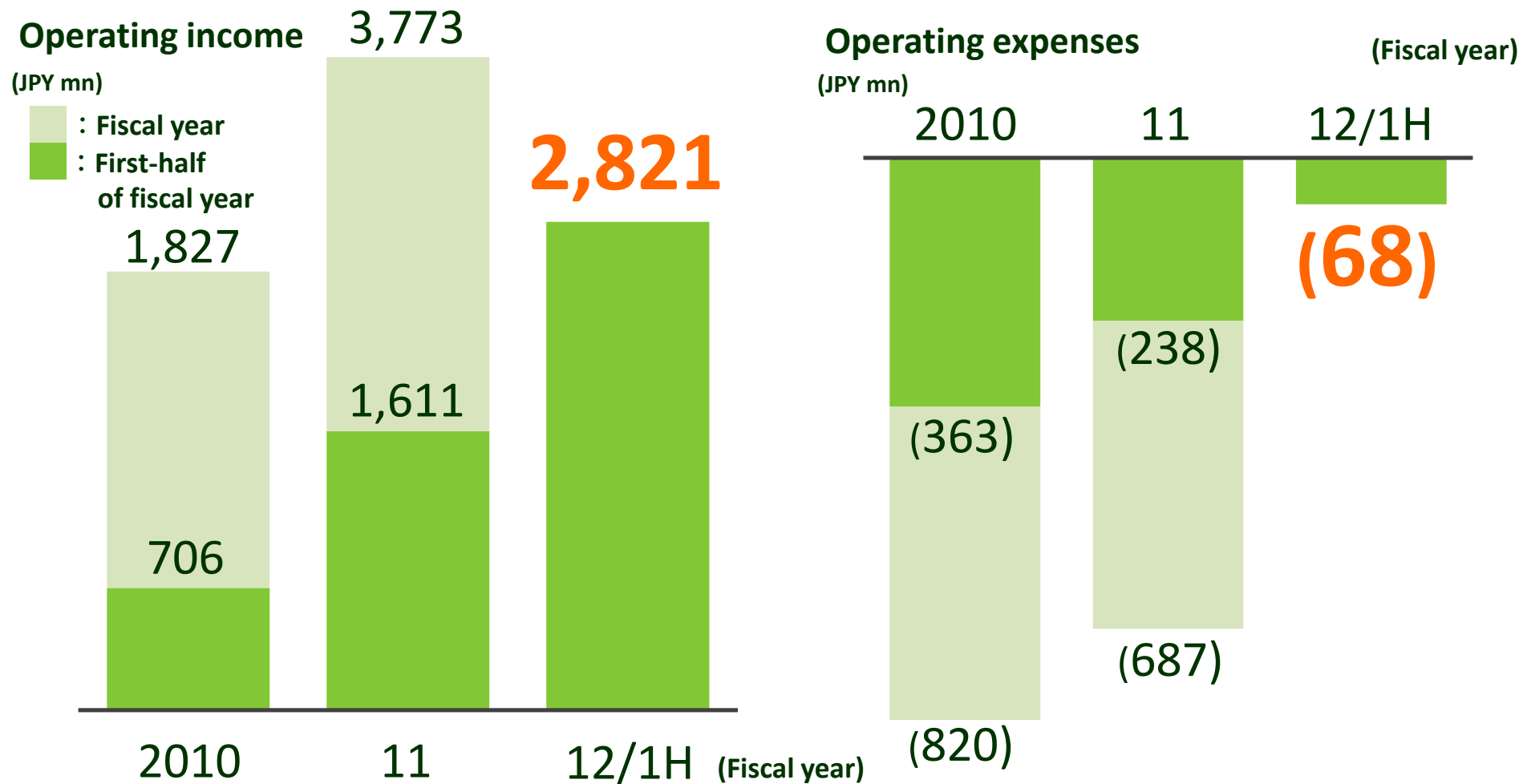
(JPY mn)	Fiscal 2010	Fiscal 2011	Fiscal 2011 1st half	Fiscal 2012 1st half
Operating income	1,827	3,773	1,611	2,821
Insurance premiums and other	1,765	3,720	1,584	2,719
Investment income	60	47	25	24
Other operating income	1	5	1	77
Operating expenses	2,648	4,461	1,849	2,890
Insurance claims and other	154	410	174	261
Provision of policy reserve and other ¹	565	1,130	462	885
Provision of contingency reserve ²	246	295	151	140
Investment expenses	0	0	0	0
Project expenses	2,724	3,984	1,710	2,621
Marketing expenses	1,438	2,160	901	1,567
Other operating expenses	595	1,041	377	657
Deferred expenses under Article 113 of the Insurance Business Law	(1,392)	(2,106)	(874)	(1,535)
Ordinary income (loss)	(820)	(687)	(238)	(68)
Net income (loss)	(834)	(900)	(240)	(154)
Fundamental profit (loss)	(574)	(391)	(87)	71
Net cash provided by (used in) operating activities	(1,153)	(799)	(466)	(433)
(ref.) Number of new business	42,214	60,725	30,444	30,709
Number of policies-in-force	63,188	118,040	91,249	144,575

1. The five-year Zillmer method is used for calculations.

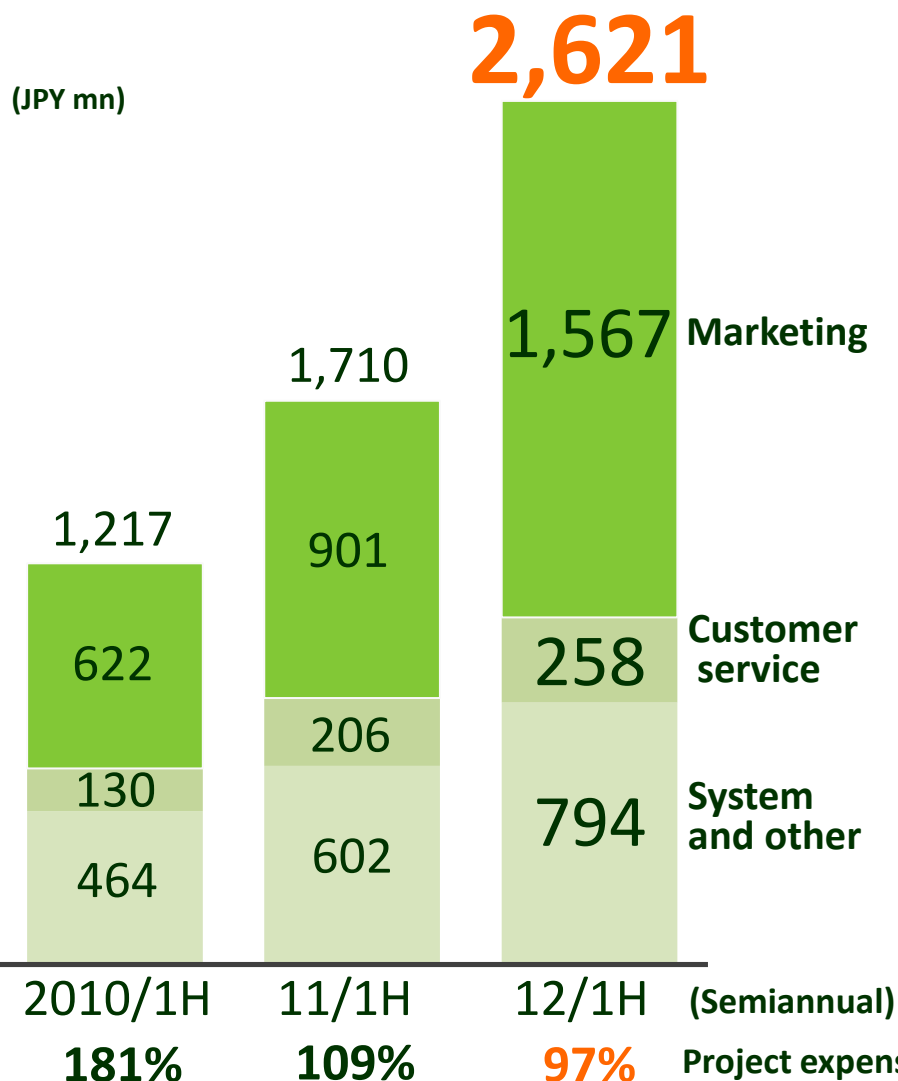
2. Contingency reserve is calculated by multiplying 0.6/1000 by the increased amount of contingency common death insurance benefit from the end of previous fiscal year.

Operating Income/Operating Expenses

■ Operating income **175%** of 1H/FY2011



Project Expenses



■ Active advertising expenses continued with IPO

■ Project expenses ratio **97%**¹

1. The ratio of project expenses to insurance premiums

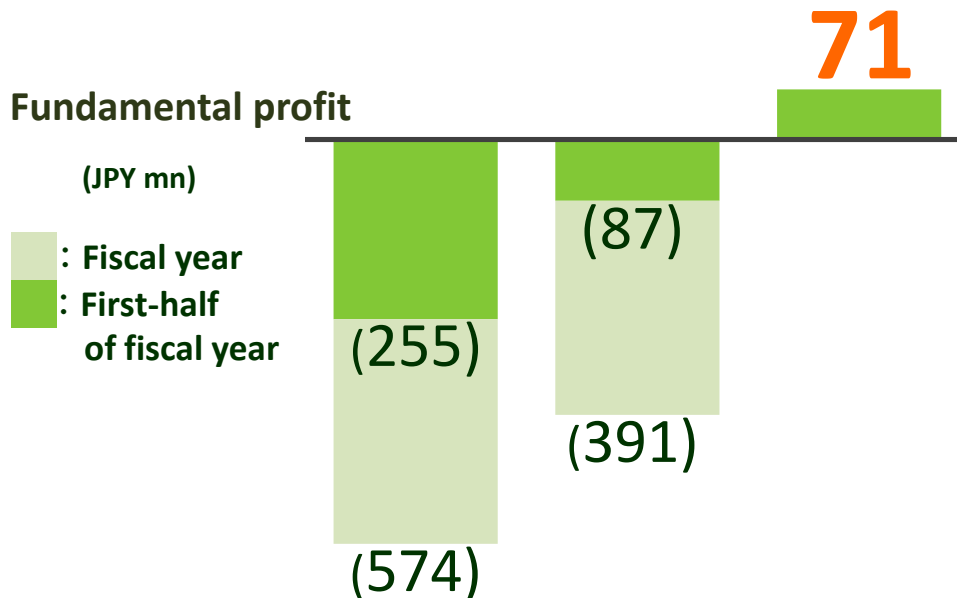
Fundamental Profit

(JPY mn)

Fiscal year	2010	2011	2012/1H
Mortality margin	279	490	471
Expense margin (loss)	(911)	(919)	(414)
Interest margin	58	37	14
(ref.) Insurance premiums	1,765	3,720	2,719

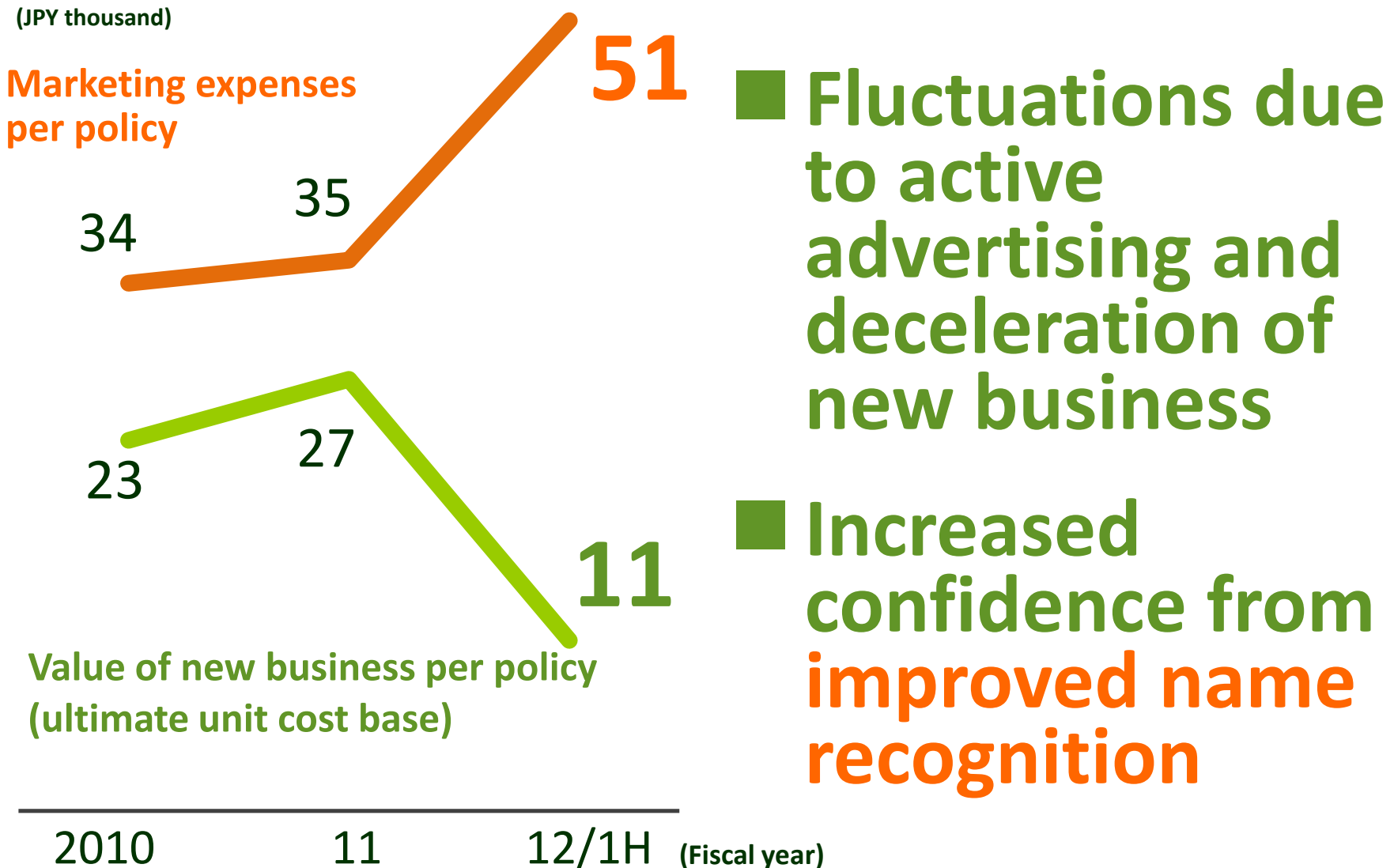
■ Fundamental profit **went black** for the first time in 1H

■ Mortality margin **doubled** from 1H/FY2011¹



1. Mortality margin JPY 229 mn (1H/FY2011) → JPY 471 mn (1H/FY2012)

Marketing Expenses / Value of New Business per Policy



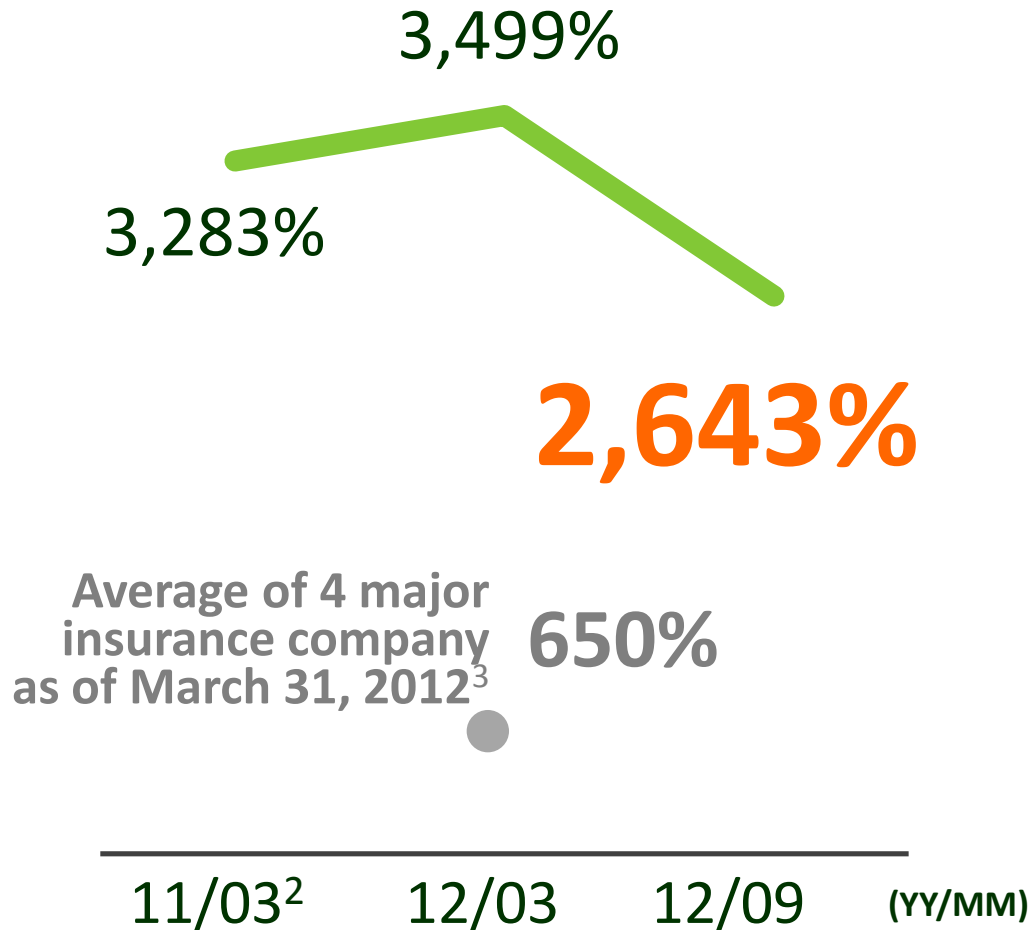
Financial Condition

(JPY mn)	11/3	12/3	12/9
Total assets	10,523	18,861	19,548
Cash and deposits	380	428	395
Securities	7,200	13,800	13,182
Government bonds	3,556	9,939	6,453
local government bonds	-	-	-
Corporate bonds	3,532	3,721	6,592
Stocks ¹	111	139	136
Total liabilities	1,230	2,702	3,540
Reserve for insurance policy liabilities	810	1,940	2,752
Total net assets	9,292	16,159	16,008

- Invested **conservatively**
- Short-term government bonds **switched to corporate bonds**
- Average remaining period **2.6years**

1. Lifenet is holding shares of Advance Create Co., Ltd., its insurance sales agent, for the purpose of maintaining equity and business partnership.

Solvency Margin Ratio¹



■ Maintained at a healthy level, decrease due to the increase in policies-in-force

1. The solvency margin ratio is an important financial indicator and a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur, such as a natural disaster or a stock market collapse.
2. The solvency margin ratio is calculated based on the stricter standards set at the end of fiscal 2011, and this new standard is applied to all figures as of September 30, 2011.
3. simple arithmetic average

**1. Outline of Business
Results for 2Q of fiscal 2012**

2. Challenges to Be Addressed

Fiscal 2012 Priorities



1. Maintaining high growth in the number of policies-in-force and value of new business
2. Reviewing and improving the overall efficiency of its operations and processes
3. Establishing an organization appropriate for a public company

Improving Name Recognition and Increasing Number of Applications



■ Our new challenge



**Lifenet Changes
the “Common Sense”
of Life Insurance**

<http://www.lifenet-seimei.co.jp/change/>

Improving Name Recognition and Increasing Number of Applications

■ Our 5 challenges and 5 reassurances to customers

Our major achievements in the past

May 2008



Life insurance industry's longest reception hours

Contact Center operating until 10 p.m. on weekdays

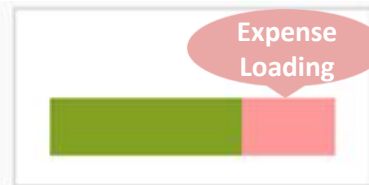
May 2008



Support for families raising young children

Whole-life medical insurance without limit on number of weeks of pregnancy upon underwriting

Nov 2008



First in life insurance industry!

Full disclosure of "Expense loading" (commissions included in insurance premiums)

Jun 2009



Adapting to lifestyles of young generations

Japan's first mobile online life insurance application site launched

<http://www.lifenet-seimei.co.jp/change/>

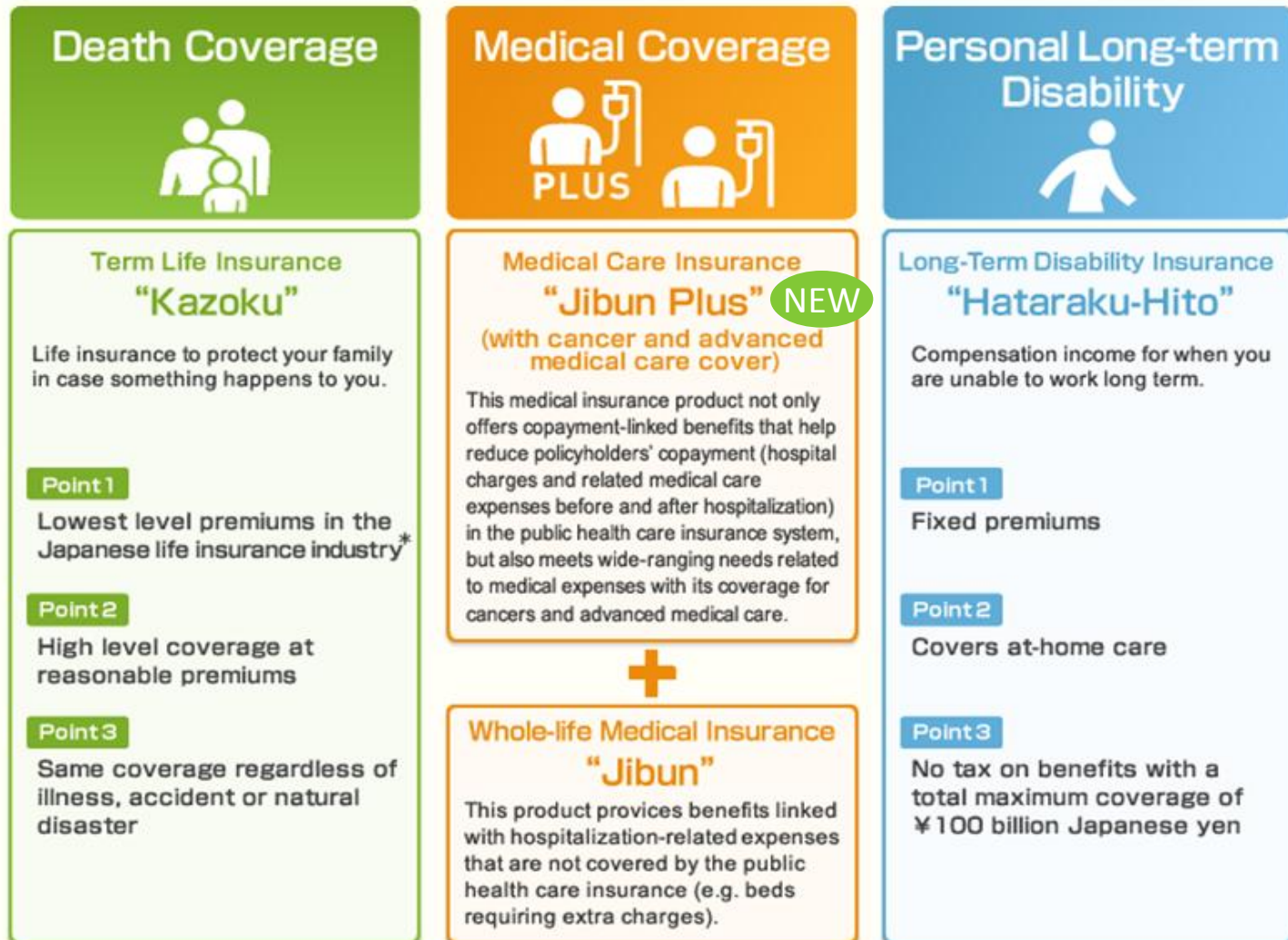
Our 5 New Challenges



- Launch Medical Care Insurance “Jibun Plus”
- Introduce Exclusion of Specific Organs
- Remove Medical Certificate Submission for Policy Claim
- General Recruitment of Affiliated Insurance Planners
- Long-term Disability Insurance Policies Exceeded 20,000

New Product “Jibun Plus”

■ In total 4 products



New Product “Jibun Plus”

■ Overview of “Jibun Plus”



定期療養保険

定期型

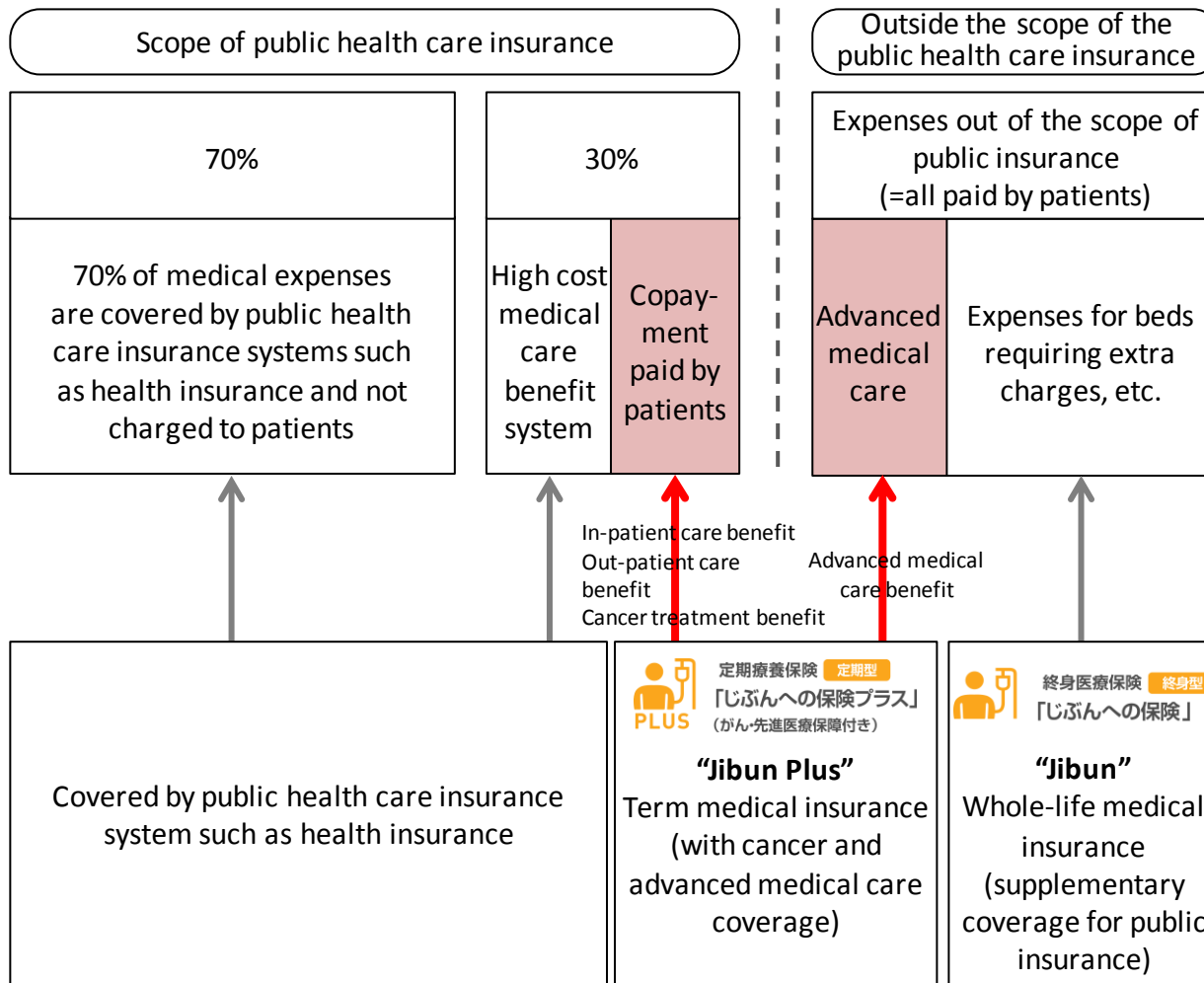
「じぶんへの保険プラス」

(がん・先進医療保障付き)

- Coverage of individual copayment regardless of the number of days of hospitalization
- Coverage for “cancer” and “advanced medical care”
- 10-year “term” product
- Monthly insurance premium – only 1,499 yen for 30-year-old males; 2,207 yen for 30-year-old females
- 24-hour online application is available on PC and mobile phone

New Product “Jibun Plus”

■ Copayment-linked medical insurance



New Product “Jibun Plus”

■ 1,163 applications for October

- **36%** of all new business applied for “Jibun Plus”
- Applicant breakdown: **22%** in their 20s, **48%** in their **30s** – approx **70%** in total
- **71%** male applicants, **29%** female applicants
- Average monthly premium at **2,458 yen**
- **84%** of “Jibun Plus” applicants simultaneously apply to “Jibun” whole-life medical insurance

Exclusion of Specific Organs

■ Makes underwriting possible for those previously rejected

<Example>

Previously

Customer

Application thru
Website
(e.g. notification of
past Caesarian
section)

LIFENET

Assessment
based on
notification

Underwriting
not possible
due to past injury or disease
(Caesarian section)

From Oct 2, 2012

Customer

Application thru
Website
(e.g. notification of
past Caesarian
section)

LIFENET

Assessment
based on
notification

New Process

LIFENET

Indication of
special conditions
for underwriting
(on "My Page")

Customer

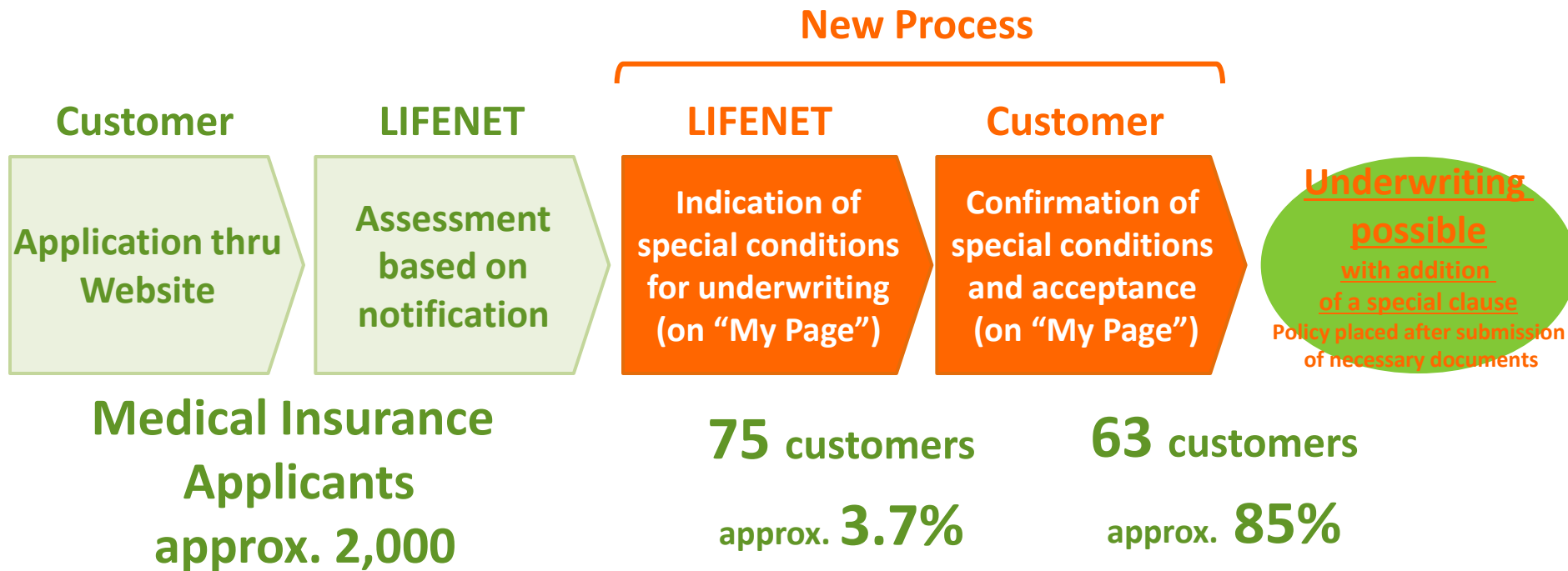
Confirmation of
special conditions
and acceptance
(on "My Page")

Underwriting
possible
with addition
of a special clause
Policy placed after submission
of necessary documents

Exclusion of Specific Organs

■ Indication of special conditions for 3.7% of medical insurance applicants, 85% of them accepted

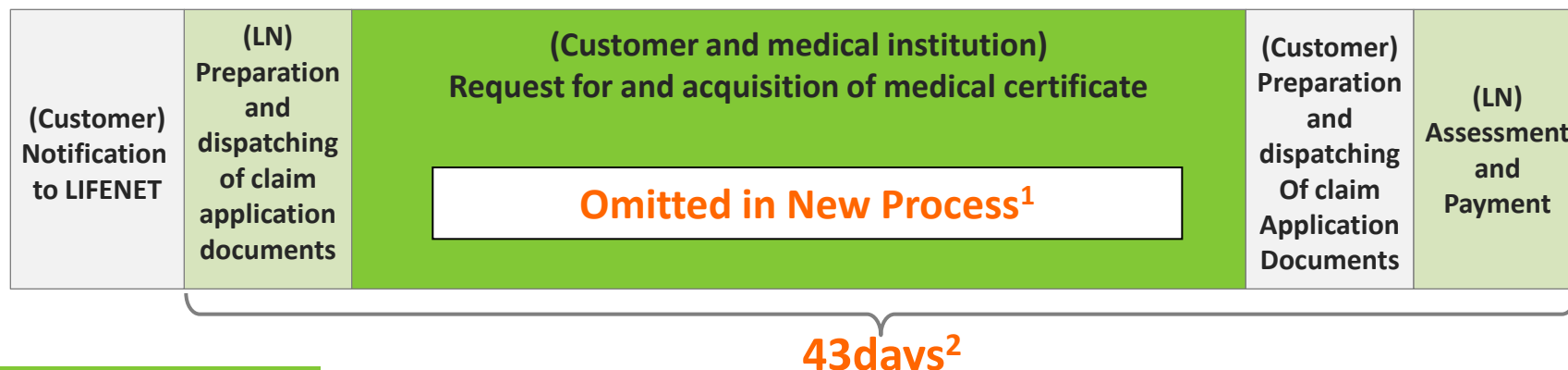
Underwriting Results under Excursion of Specific Organs (Oct 2012)



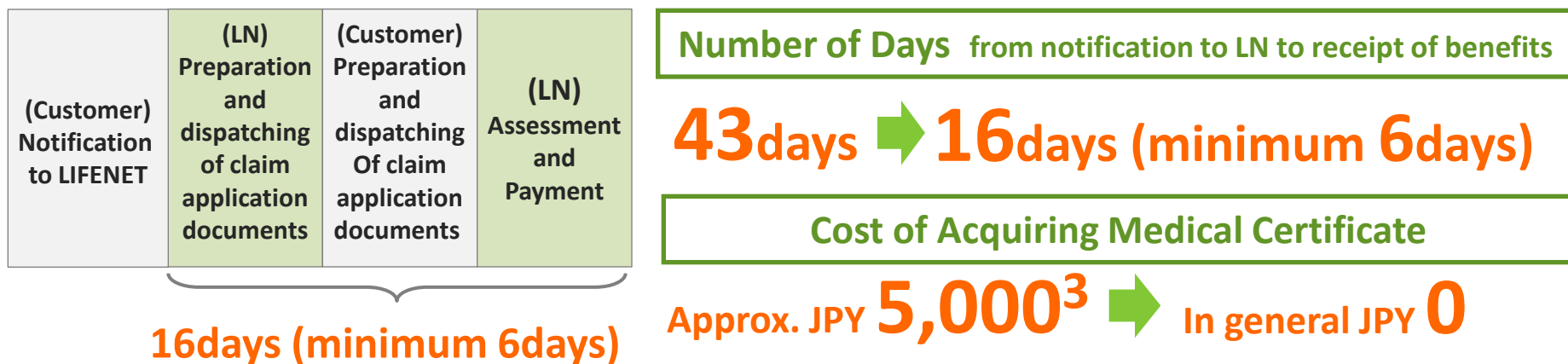
Remove Medical Certificate Submission for Policy Claims

■ For more prompt payment

Previously



From Oct 2, 2012 Claim Payment Results (Oct 2012) Relevant Case: 59



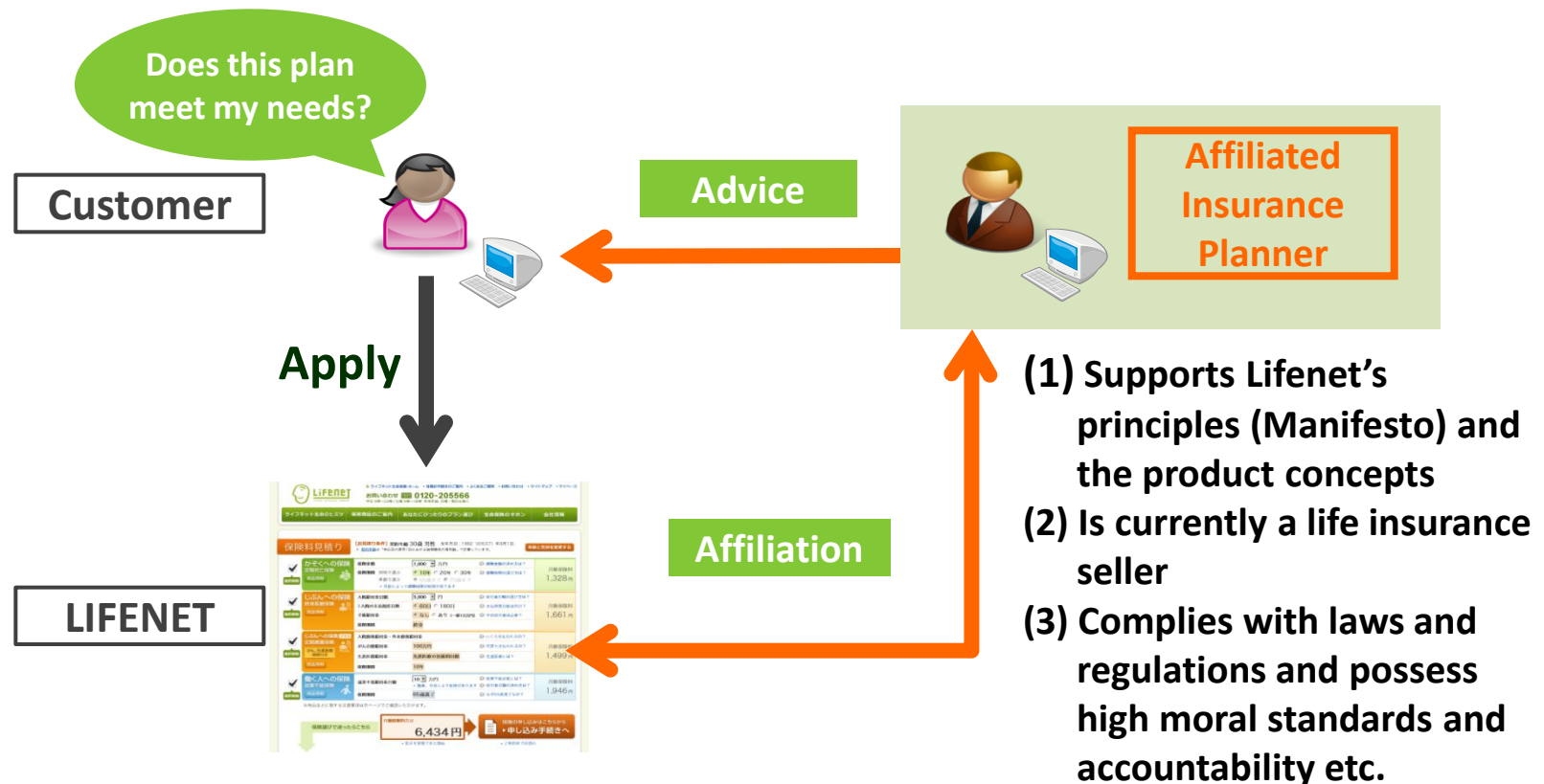
1. Note that in the following cases, Lifenet may require the submission of medical certificates or request to a medical institution, etc. for the confirmation of facts.

2. Based on our data on medical policy claims received from the commencement of business to Aug. 2012.

3. Based on "2007 Research on Documentation Fees at Medical Institutions" issued by SANRO Research Institute, Inc.

General Recruitment of Affiliated Insurance Planners

- Submissions received in excess of capacity (30 people), followed by selection and training, scheduled to start activities in 2013



Disclosure of Agent Commission



- **Disclose the commission our agents receive for insurance selling in order to ensure the best advice from independent agents**

Agent Commission Rate:

7.5%¹ of monthly premium

Period of Commission Payment:

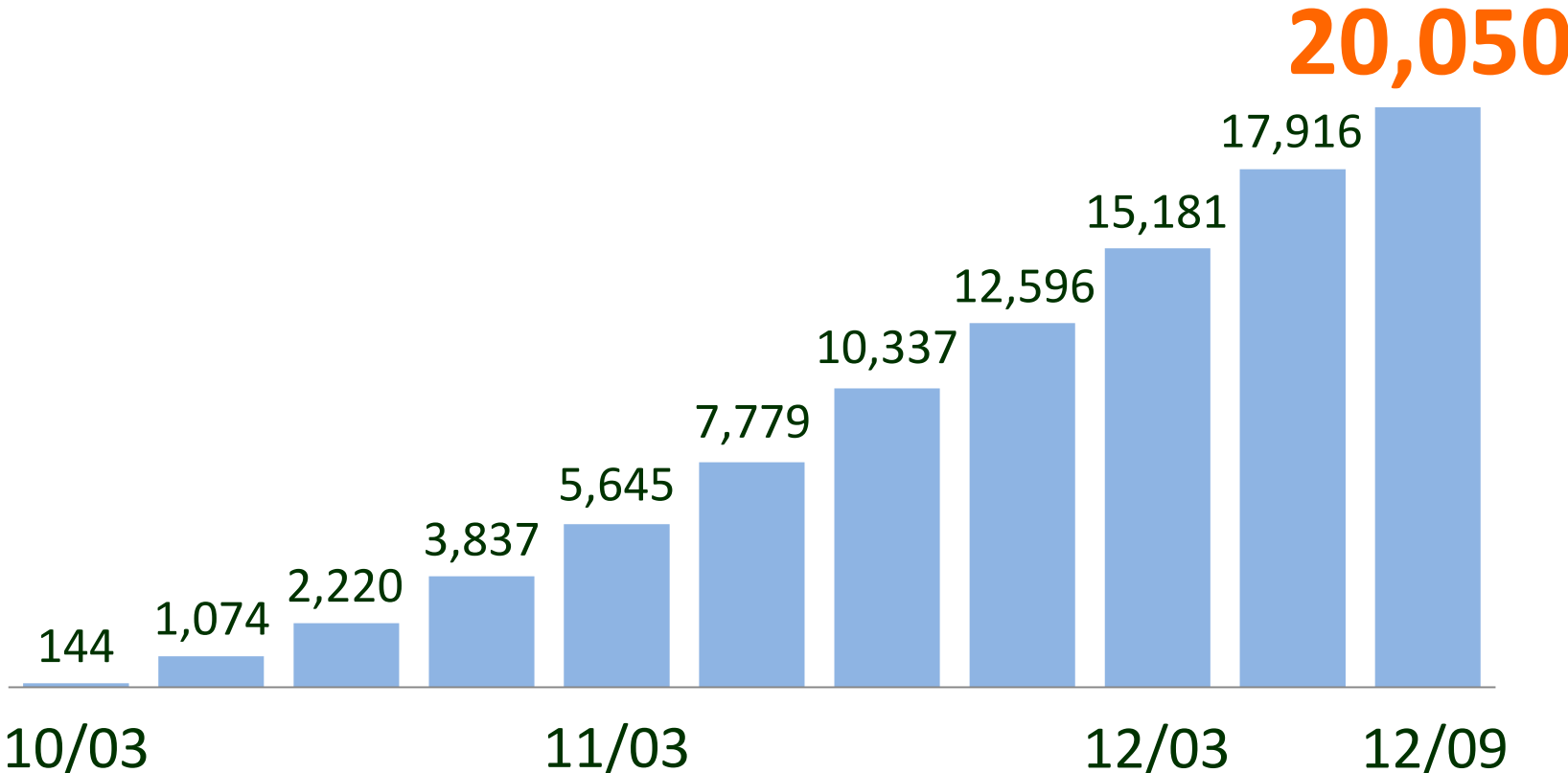
Up to 5 years (60 months)

1. These are the same as the terms for agents with which Lifenet currently has outsourcing contracts.

LTD Insurance Policies Exceeded 20,000

■ Accumulated number of new business 20,000 in the 2.5 years after the launch

LTD insurance “Hataraku-Hito” accumulated number of new business



LTD Insurance Policies Exceeded 20,000



■ Many Policyholders from Medical Industry

Distribution of business sectors to which policyholders of long-term disability insurance belong Top 10 (as of September 30, 2012)

	Business sector to which policyholders belong	Composition
1	Medical services business	8.6%
2	Information services business (software, IT, etc.)	7.2%
3	Others	6.6%
4	General construction work business (civil engineering, building, paving, remodeling, etc.)	4.4%
5	Professional services business (law, accounting, patent, design, photography, etc.)	4.3%
6	Wholesale business	3.6%
7	Other manufacturing business	3.1%
8	Business related to social insurance, social welfare and nursing care	3.0%
9	Services business in other businesses (security, worker dispatching, employment placement, etc.)	2.7%
10	Local government services	2.1%

5 Reassurances from Lifenet to Customers



1 “Will Lifenet really pay my claims?”

- Payments of approx. 800 million yen for 2,968 claims as of September 30, 2012
- Payment scheme backed with the “**triple check system**”

2 “Can I rely on an online insurance company in the case of an emergency?”

- Contact Center with the industry’s longest level operating hours
- **100% safety confirmation** at time of Great East Japan Earthquake

3 “What kind of people are working at Lifenet?”

- Communication through real-life interactions (**Communication fairs , shareholders’ meetings, nationwide seminars and social media**)

4 “Is a young company like Lifenet financially stable?”

- Solvency margin ratio **2,643%** as of September 30, 2012
- Top-class sales efficiency in life insurance industry

5 “What is unique about Lifenet compared with other life insurance companies?”

- Manifesto-driven management
“**Transparent, Comprehensible, Cost-Competitive and Convenient**”

Contact Center and Website Awarded



■ Contact Center and Website Awarded Three Stars in the 2012 HDI Contact Center Rankings

Contact Center



Support Portal (Website)



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.**



LIFENET

LIFENET INSURANCE COMPANY

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

All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties.

This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.