

April 20, 2015
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LIFENET INSURANCE COMPANY
(Securities Code: 7157, TSE Mothers)

Lifenet Announces Capital and Business Alliance with KDDI CORPORATION through Third-party Allotment, and Changes in the Major Shareholders and Other Associated Companies
Pursuing further customer convenience
by combining telecommunications and life insurance services

TOKYO, April 20, 2015 – LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) hereby announces that Lifenet has made a resolution at the meeting of its Board of Directors held today to enter into a capital and business alliance agreement with KDDI CORPORATION (“KDDI”), and accordingly issue new common shares by means of third-party allotment (the “third-party allotment”) to KDDI. This third-party allotment increases the aggregate number of voting rights held by Lifenet’s shareholders, and makes KDDI the largest shareholder of the company with holdings of 15.95% voting rights of Lifenet. We hereby report changes with respect to Lifenet’s largest shareholder, the status of “major shareholders” (as defined by Japan’s Financial Instruments and Exchange Act), and other associated companies.

I. Capital and Business Alliance

Lifenet has actively pursued alliances with various companies as one aspect of its growth strategy geared toward offering simple, convenient and competitively priced insurance products to a wider range of customers. As part of such efforts, Lifenet has entered into a business alliance agreement (the “Business Alliance Agreement”, and the business alliance based on the Business Alliance Agreement shall be called “Business Alliance”) with KDDI, a company with a strong brand and an extensive customer platform in the Japanese telecommunications sector, with the aim of achieving further growth. Both companies have also concluded a capital alliance agreement (the “Capital Alliance Agreement”, and the capital alliance based on the Capital Alliance Agreement shall be called “Capital Alliance”) with the aim of further solidifying their mutual trust and ensuring the progress of the business alliance.

Accordingly, Lifenet and KDDI will integrate their respective customer platforms, brands, business expertise and other attributes, and explore possibilities for joint efforts in planning and operating new customer-oriented services taking advantage of our combined strengths.

1. Background

Lifenet commenced business in 2008 with the goal of offering simple, convenient and competitively priced insurance products and services directly to customers over the Internet, based on the highest levels of business integrity and transparency. Now in our seventh year of business, we continue to take on new challenges geared toward sparking innovation in the traditional industry of life insurance. We serve a unique demographic, with some 90% of our new customers in the 20s to 40s age group, a segment for which there are concerns about the decline in demand for life insurance. Our Ordinary Income was approximately 7.6 billion yen (fiscal year ended March 31, 2014). Contrasting our earnings results to the size of Japan’s life insurance market (the world’s second largest with over 40 trillion yen in annual insurance premium revenues), we are well aware that the online life insurance market has

still far to go in terms of achieving its growth potential. Lifenet has been working to strengthen its alliances with various companies in different industries, in order to develop a stable operating platform capable of achieving ongoing growth.

2. Purpose and Description

Lifenet and KDDI aim to provide customer-oriented financial services based on the Business Alliance by combining Lifenet's life insurance services with KDDI's product and service offerings. Initially, we intend to deliver greater convenience to KDDI's extensive customers base by providing them with Lifenet's life insurance products as a part of KDDI's financial services, taking advantage of mobile device marketing channels centered around smartphones. To achieve this, we intend to register KDDI as a life insurance sales agent of Lifenet, and to vigorously market products using effective approaches based on customer attributes. In this way, we expect that the alliance with KDDI will enable Lifenet to increase its corporate value by generating continued growth, and in turn increase benefits for our existing shareholders. Moreover, we will establish a Business Alliance Committee by both companies to deliberate over specific measures in the Business Alliance, thereby developing a structure under which we can engage in discussions on an ongoing basis.

In addition, based on the Capital Alliance Agreement, and subject to KDDI obtaining regulatory approval to become a major shareholder of an insurance company (submitted to Japan's Financial Services Agency), Lifenet will allocate 8,000,000 shares of Lifenet common stock (representing 15.95% of voting rights) to KDDI by means of new share issuance through the third-party allotment under the Capital Alliance Agreement. The company will also seek to elect one outside director nominated by KDDI to the Board of Directors. After the allocation of shares, KDDI will become an "insurance company's major shareholder," as defined under Japan's Insurance Business Act, ensuring an ongoing dialogue to realize the Business Alliance. The Insurance Business Act requires that "major shareholders of insurance companies" do not pose the "risk of impairing the sound and appropriate business operation" of the insurance company, and requires that they have "sufficient understanding concerning the public nature of the insurance business and sufficient social credibility." We believe that we have acquired an important and capable strategic partner as we venture to achieve further growth.

Moreover, the Capital Alliance will enable Lifenet to raise 3,040 million yen through the third-party allotment of new shares. The funds raised are needed to effectively promote the Business Alliance, and will accordingly be used for building new life insurance product distribution models and brands, and for covering marketing, promotion and other such expenses. Moreover, while we already have sufficient capacity to make payments against insurance claims given the solvency margin ratio of 2,095.7% (as of December 31, 2014), the funds raised through the Capital Alliance will further solidify Lifenet's capital adequacy and ensure operational stability of our business going forward.

In consideration of the aforementioned, we believe that promoting the Business Alliance and the Capital Alliance (collectively the "Alliance") and making KDDI a major shareholder will result in synergies that will Lifenet's corporate value, thereby accelerating the enhancement of the common interests of Lifenet's shareholders.

3. Others

The Alliance will result in KDDI becoming an "insurance company's major shareholder" of Lifenet as defined under Japan's Insurance Business Act, and results in KDDI becoming Lifenet's "largest

major shareholder” under Japan’s Financial Instruments and Exchange Act and “other affiliated companies”, as noted hereafter in section “III. Changes with Respect to Lifenet’s Largest Shareholder, Major Shareholders and Other Associated Companies”. Lifenet and KDDI have agreed to promote the Business Alliance together, with KDDI respecting Lifenet continued management independence. Moreover, despite the change in Lifenet’s largest shareholder, contractual terms and conditions, as well as services, will remain unchanged with respect to policies-in-force entrusted to Lifenet by the company’s policy holders.

We sincerely ask for further support of all Lifenet stakeholders as we promote to achieve further growth through this alliance with KDDI, while delivering life insurance products and services adapted to customer needs, and furthermore actively creating new growth opportunities.

4. Corporate Profile

(1) Company name	KDDI CORPORATION		
(2) Location	2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo		
(3) Representative	Takashi Tanaka, President		
(4) Business description	Telecommunications business		
(5) Capital	141,851 million yen		
(6) Date of establishment	June 1, 1984		
(7) Total number of issued shares	896,963,600 shares (As of March 31, 2015)		
(8) Total number of employees	27,073 (As of March 31, 2014)		
(9) Large shareholders and shareholding ratios (as of March 31, 2015)	KYOCERA Corporation		12.76%
	TOYOTA MOTOR CORPORATION		11.09%
	The Master Trust Bank of Japan, Ltd. (Trust Account)		5.25%
	Japan Trustee Services Bank, Ltd. (Trust Account)		4.02%
	State Street Bank & Trust Co.		2.67%
(10) Performance results and financial positions of the past three years	(JPY mm)		
Fiscal year	FY2011	FY2012	FY2013
Consolidated net assets	2,128,624	2,323,363	2,916,989
Consolidated total assets	4,004,009	4,084,999	4,945,756
Net assets per share (JPY)	2,696.03	2,943.12	3,261.63
Consolidated operating revenues	3,572,098	3,662,288	4,333,628
Consolidated ordinary income	451,178	514,421	662,887
Consolidated net income	238,604	241,469	322,038
Net income per share (JPY)	290.58	315.90	398.60
Dividends per share (JPY)	16,000.00	8,595.00	130.00

Note: Based on resolution at its meeting of the Board of Directors held on April 25, 2012, KDDI conducted a 1:100 share split of its common shares, and adopted a unit share system whereby 100 shares constitutes a single share unit, with an effective date of October 1, 2012. Moreover, based on resolution at its meeting of the Board of Directors held on January 28, 2013, KDDI conducted a 2:1 stock split of its common shares, with an effective date of April 1, 2013. As such, KDDI’s consolidated net assets per share and consolidated net income per share have been calculated assuming performance of the stock split at the beginning of the fiscal year ended March 31, 2012.

5. Outlook

Lifenet plans to conclude the third-party allotment of new shares upon receipt of payment from KDDI on May 22, 2015. The transaction is to be concluded in accordance with the underwriting agreement for the total number of shares agreed upon between KDDI and Lifenet on the basis of the Capital Alliance Agreement, subsequent to the securities registration report submitted to the Kanto Local Finance Bureau taking effect, and subject to regulatory approval on the basis of KDDI's application to become a major shareholder of an insurance company, submitted to Japan's Financial Services Agency.

Moreover, Lifenet plans to propose the election of one outside director candidate nominated by KDDI, at Lifenet's 9th Annual General Meeting of Shareholders to be held on June 21, 2015, contingent on KDDI making full payment of the amount specified under the Capital Alliance Agreement. Also, both companies are in agreement regarding the matter of granting voting rights to KDDI at the 9th Annual General Meeting of Shareholders with respect to Lifenet common shares that are to be allocated to KDDI through the third-party allotment (80,000 voting rights). Meanwhile, we believe that funds raised on the basis of the third-party allotment will further solidify the capital adequacy standing of Lifenet, and we believe that promoting the Business Alliance with KDDI will furthermore increase our corporate value. At this point in time, however, we have yet to determine the potential impact of this transaction with respect to Lifenet's business results from this fiscal year forward, and the Mid-term Business Plan, given that specific details regarding the Business Alliance and the timeline are still undetermined. We will specifically examine the potential impact of this deal on our earnings results, giving consideration to progress made with the Business Alliance and other such developments, and then adequately disclose that information in a timely manner, as deemed necessary.

II. Third-party Allotment of New Shares

1. Outline of offering

(1) Payment date	May 22, 2015
(2) Number of newly issued shares	8,000,000 common shares
(3) Issue price	380 yen per share
(4) Funds raised	3,040,000,000 yen
(5) Method of allocation and party to which shares will be allotted	Shares allocated to KDDI CORPORATION by means of third-party allotment
(6) Other	The transaction is contingent on the securities registration report taking effect on the basis of Japan's Financial Instruments and Exchange Act, and KDDI CORPORATION obtaining approval to become a major shareholder of an insurance company on the basis of Japan's Insurance Business Act.

2. Amount, Use and Scheduled Expenditure of Funds to Be Raised, and Corresponding Rationale

(1) Funds to be raised

Total payment (yen)	Estimated cost of issuance (yen)	Estimated net proceeds (yen)
3,040,000,000	31,000,000	3,009,000,000

- Notes:
1. The estimated cost of issuance does not include consumption tax and other such expenses.
 2. The estimated cost of issuance consists of fees for registration and license tax and other fees relating to registration, financial advisors and attorneys, and other charges.

(2) Use and scheduled expenditure of funds, and corresponding rationale

Lifenet has concluded respective contracts for the alliance with KDDI, as noted previously in section “I. Capital and Business Alliance”, subsection “2. Purpose and Description”. As such, the estimated net proceeds of 3,009 million yen raised in pursuing the Business Alliance between Lifenet and KDDI shall be used toward investment and other outlays necessary to effectively promote the alliance.

Lifenet aims to propose the increase in points of contact with prospective customers through KDDI’s existing “au” channels, and thereby deliver greater convenience to KDDI’s customer platform with Lifenet’s life insurance offerings. To make this happen, we envisage using the funds for the following objectives: 1,209 million yen to cover expenses related to building new sales models and brands for life insurance products and increasing customer loyalty; 900 million yen in expenses for marketing and promotion relating to sales of other types of life insurance products; and 900 million yen in expenses for R&D and systems development. We plan to make respective outlays at appropriate times over the five years running from the fiscal year ending March 2016 to the fiscal year ending March 2020 . Further details regarding the uses of the funds (i.e., amount and timing) will be decided based on individual business alliance initiatives to be formed upon mutual consultation with KDDI. Up until the time the funds are put to use for the intended purpose, they will be applied to asset management undertaken by Lifenet. Asset management will be conducted under the policy of generally limiting risk, with assets being allocated mainly in yen-denominated fixed income assets such as high-grade public and corporate bonds with high credit ratings including Japanese government bonds.

Use	Amount	Scheduled expenditure
Expenses for building new life insurance sales models and brands, and increasing customer loyalty	1,209 million yen	April 1, 2015 to March 31, 2020
Expenses for marketing and promotion relating to sales of life insurance products	900 million yen	
Expenses for R&D and systems development	900 million yen	
Total	3,009 million yen	

3. Rationale for Issuance Terms and Conditions, Etc.

(1) Basis of calculation of paid-in amount and details thereof

The amount to be paid in per share has been set at 380 yen as a result of negotiation with the allotted party.

The price per share of 380 yen represents a 1.30% discount rate to the closing price (385 yen) of Lifenet common shares listed on the Mothers Section of the Tokyo Stock Exchange on the business day (April 17, 2015) immediately prior to the Board of Directors’ meeting resolution date on the third-party allotment (the “BoD resolution date”); and same price as the average closing price of 380 yen (rounded to the nearest yen) per share for the one month period that precedes the business day immediately before the BoD resolution date; and a 9.83% premium against 346 yen (rounded to the nearest yen) per share for the three month period that precedes the business day immediately before the BoD resolution date; and a 9.51% premium against 347 yen (rounded to the nearest yen) per share for the six month period that precedes the business day immediately before the BoD resolution date.

(2) Policy of KDDI for holding Lifenet shares

Lifenet has determined that KDDI intends to maintain its holdings of Lifenet shares over the long term, based on confirmation made in the Capital Alliance Agreement that KDDI is acquiring Lifenet shares in order to promote the Business Alliance, and based on acknowledgement that KDDI concluded the Business Alliance Agreement with an understanding of the significantly long term nature of the life insurance business.

Moreover, KDDI has agreed to nominate one outside director to Lifenet on the basis of the Capital Alliance Agreement, in addition to its new share acquisition through the third-party allotment. In addition to acquiring the new shares through the third-party allotment, subject to regulatory approval, KDDI is planned to become an insurance company's major shareholder of Lifenet, as defined by paragraph 14, Article 2 of Japan's Insurance Business Act. Upon obtaining the regulatory approval to become the insurance company's major shareholder of Lifenet, KDDI also needs to submit documents detailing its outlook for five fiscal years after permission has been granted. This also suggests that KDDI intends to maintain its holdings of Lifenet shares over the long term.

4. Major Shareholders and Their Ratio of Shareholdings after the Offering

Before the third-party allotment		After the third-party allotment	
JP MORGAN CHASE BANK 380634	13.47%	KDDI CORPORATION	15.94%
Asuka DBJ Investment Limited Partnership	13.47%	JP MORGAN CHASE BANK 380634	11.32%
MITSUI & CO., LTD.	11.38%	Asuka DBJ Investment Limited Partnership	11.32%
Seven Financial Service Co., Ltd.	7.70%	MITSUI & CO., LTD.	9.56%
Shinsei Bank, Limited	3.85%	Seven Financial Service Co., Ltd.	6.47%
Recruit Holdings Co.,Ltd.	2.96%	Shinsei Bank, Limited	3.23%
ASAHI Net, Inc.	2.76%	Recruit Holdings Co.,Ltd.	2.49%
SBI SECURITIES Co.,Ltd.	2.09%	ASAHI Net, Inc.	2.32%
CBNY-GOVERNMENT OF NORWAY	2.01%	SBI SECURITIES Co.,Ltd.	1.76%
ML PRO SEGREGATION ACCOUNT	1.61%	CBNY-GOVERNMENT OF NORWAY	1.69%

- Notes: 1. Based on the register of shareholders on March 31, 2015.
 2. On April 25, 2013, Lifenet and Swiss Reinsurance Company Ltd entered into a strategic alliance agreement. According to the major shareholding report on May 2, 2013, 5,683,900 shares were held by Swiss Reinsurance Company Ltd. Lifenet has judged that, based on the aforementioned, and examination of matters contained in the shareholder registry, JP MORGAN CHASE BANK 380634 is acting as the custodian bank of Swiss Reinsurance Company Ltd.

III. Changes with Respect to Lifenet's Largest Shareholder as Major Shareholders, Major Shareholders and Other Associated Companies

As noted in section "I. Capital and Business Alliance" and section "II. Third-party Allotment of New Shares", KDDI's shareholdings will amount to 15.95% of the total voting rights of Lifenet common shares after the third-party allotment associated with the alliance. Subsequently, KDDI will become Lifenet's largest major shareholder as defined under Japan's Financial Instruments and Exchange Act. Meanwhile, Lifenet will place KDDI under the category "other affiliated company", given that Lifenet will be categorized as an equity method company of KDDI.

Also, the increase in the aggregate number of voting rights resulting from the third-party allotment will mean that Lifenet's current largest shareholder, Swiss Reinsurance Company Ltd will cease to be the largest shareholder, and MITSUI & CO., LTD. will no longer qualify as a major shareholder, due to their respective decrease in shares of ownership.

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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