



Notice Concerning the Amount and Details of Remuneration to Directors Provided as Stock Options

TOKYO, Japan, May 13, 2015 – Japan Display Inc. (“JDI”) today announced that the company decided at a meeting of the Board of Directors held today that a proposal regarding the amount and details of remuneration to be provided as stock options to its directors (excluding outside directors; the same hereinafter) would be submitted as follows for approval at its 13th Annual General Shareholders Meeting, to be held on June 23, 2015.

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At an Extraordinary Shareholders Meeting held on March 27, 2013, the shareholders’ approval was given for annual remuneration for JDI’s directors of up to 250 million yen. As additional remuneration separate from the foregoing amount, JDI requests that shareholders approve a grant of stock options up to the amount of 100 million yen to its directors for the period of 1 year from JDI’s 13th Annual General Shareholders Meeting. The total amount of remuneration as stock options to be granted will be the product obtained by multiplying the fair value of one stock option by the total number of stock options allotted.

1. Reason for issuing stock acquisition rights as stock options

The purpose of issuing the stock acquisition rights as stock options is to give the directors further incentive to strive for improvement of JDI’s performance and an increase in JDI’s corporate value. The stock acquisition rights will be issued to the directors as stock options, under the following terms and conditions.

2. Terms and conditions for the issuance of the stock acquisition rights

(1) Persons to be allocated the stock acquisition rights

Two directors

(This is subject to approval of the proposal for the election of directors to be submitted at its 13th Annual General Shareholders Meeting to be held on June 23, 2015.)

(2) Class and number of shares to be delivered upon exercise of the stock acquisition rights

Up to 500,000 shares of JDI’s common stock

However, if subsequent to the date on which this proposal is approved (the “Resolution Date”), JDI conducts a stock split or stock consolidation, the number of shares to be delivered upon exercise of the stock acquisition rights (the “Number of Shares Granted”) will be adjusted according to the formula below; provided, however, that this adjustment will only be made on the Number of Shares Granted that have not yet been exercised up to that time. Any fractional shares resulting from this adjustment will be disregarded.

Adjusted No. of shares = Pre-adjustment No. of shares × ratio of stock split or stock consolidation

Furthermore, if subsequent to the Resolution Date, JDI conducts a capital decrease, merger or company split or any other event occurs necessitating adjustment of the Number of Shares Granted, the number of shares will be reasonably adjusted taking into account the terms and conditions of the capital decrease, merger, company split or other event.

(3) Total number of stock acquisition rights to be issued

The maximum number will be 5,000 (the Number of Shares Granted is 100; however, if an adjustment of the number of shares as stipulated in (2) above is carried out, the Number of Shares Granted will be adjusted accordingly.).

(4) Stock acquisition right pay-in amount

The pay-in amount will be the fair price as calculated on the date on which the stock option is allotted (the “Allotment Date”) using the Black-Scholes model. In lieu of payment of the pay-in amount, the person to whom the stock acquisition right will be allotted will set off his/her payment obligation against his/her claims for his/her remuneration against JDI.

(5) Value of assets contributed upon exercise of stock acquisition right or method for calculating that value

The value of assets to be contributed upon the exercise of a stock acquisition right is the amount obtained by multiplying (a) the pay-in amount (the “Strike Price”) per one share of stock that may be received through the exercise of the stock acquisition right by (b) the Number of Shares Granted.

The Strike Price is the amount obtained by multiplying (a) the average value of the closing price in regular trading (the “Closing Price”) of common shares of JDI on the Tokyo Stock Exchange on all days (excluding any day on which no such shares were traded) during the month prior to the month in which the Allotment Date falls by (b) 1.05 (rounded up to the nearest whole yen); provided, however, that if the amount obtained is less than the Closing Price on the Allotment Date (if there is no Closing price on that day, then the Closing Price on the immediately preceding trading day), then the Strike Price will be the Closing Price on the Allotment Date.

If subsequent to the Allotment Date any of the following events occurs, the value of assets to be contributed will be the amount obtained by multiplying the Number of Shares Granted by the Strike Price as adjusted according to the relevant formula below (rounded up to the nearest whole yen).

- (i) In the event JDI undergoes a stock split or stock consolidation

$$\text{Adjusted Strike Price} = \text{Pre-adjustment Strike Price} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

- (ii) Issuance by JDI of shares for subscription at a price lower than market price (including issuance of shares through gratis allotment of shares or delivery of treasury shares; excluding cases when of exercise of stock acquisition rights (including bonds with stock acquisition rights), cases of issuance of new shares at a fair price and cases conversion of convertible securities into JDI's common shares)

$$\text{Adjusted Strike Price} = \frac{\text{Pre-adjustment Strike Price} \times \left(\frac{\text{No. of already issued shares}}{\text{No. of already issued shares} + \text{No. of newly issued shares}} \right) + \frac{\text{No. of newly issued shares} \times \text{pay-in price per share}}{\text{Share price prior to new issuance}}}{\text{No. of already issued shares} + \text{No. of newly issued shares}}$$

“No. of already issued shares” in the above formula means the number of issued shares of JDI less the number of treasury shares; if treasury shares are disposed of, the term “No. of newly issued shares” will be replaced by “No. of disposed shares” and “amount paid per share” will be replaced by “disposal price per share.”

- (iii) If JDI conducts a capital decrease, merger or company split or any other event occurs necessitating adjustment of the Strike Price, the Strike Price will be reasonably adjusted taking into account the terms and conditions of the capital decrease, merger, company split or other event.
- (6) Period during which the stock acquisition rights may be exercised
- The exercise period for the stock acquisition rights will be starting from the second anniversary of the date of the Board of Directors decision concerning allotment of the stock acquisition rights and ending at the date decided by the Board of Directors that is within 10 years from the date of the Board of Directors decision concerning allotment of the stock acquisition rights (if such ending date is not a JDI's business day, then the immediately preceding business day).
- (7) Conditions for exercise of the stock acquisition rights
- (i) If the stock option holder was subject to a disciplinary discharge, resignation under instruction or similar disciplinary measure or other punishment from JDI or one of its subsidiaries, he/she

may not exercise any of the stock options he/she holds; provided, however, that this will not apply when his/her exercise of the stock option is specially approved by a resolution of the Board of Directors.

- (ii) If the stock option holder becomes an employee or officer of a company which is substantially in competition with JDI without the prior written consent of JDI, he or she may not exercise stock acquisition rights.
- (iii) Other conditions will be provided for in a stock option allotment agreement to be entered into between JDI and the stock option holder pursuant to a resolution of the Board of Directors.

In each stock option allotment agreement, the following matter will be provided for in relation to the conditions for the stock acquisition rights:

The stock acquisition rights issued to the stock option holders will become vested in five installments on the dates and in accordance with the percentages specified in the table below; provided, however, that even if all or part of the stock acquisition rights have vested, they will not be exercised unless the conditions for their exercise are satisfied and they are within the exercise period as defined above.

Vesting date	April 1, 2016	April 1, 2017	April 1, 2018	April 1, 2019	April 1, 2020
Vesting installment number	First	Second	Third	Fourth	Fifth
Vesting percentage	20%	20%	20%	20%	20%

- (8) Matters related to the increase in stated capital and capital reserve when shares are issued through the exercise of stock acquisition rights

The amount of capital increase when shares are issued through the exercise of the stock acquisition rights shall be one half of the Increase Limit of Stated Capital, Etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies (rounded up to the nearest whole yen) and the remainder will be allocated to capital reserve.

- (9) Restriction on transfer of stock acquisition rights

Acquisition of the stock acquisition rights through a transfer must be approved by JDI's Board of Directors.

- (10) Acquisition of stock acquisition rights by JDI

JDI, on a date separately determined by its Board of Directors, may acquire some or all of the stock acquisition rights without providing compensation. If only a part of the stock acquisition rights are to be acquired, the Board of Directors will determine upon a resolution which will be acquired.

- (11) Other matters concerning stock acquisition rights

To be decided at the meeting of JDI's Board of Directors at which matters concerning the subscription of the stock acquisition rights are decided.

Remarks:

The matters concerning stock option rights mentioned above is subject to the approval of the proposal regarding “the decision of the amount and details of remuneration to be provided as stock options to its directors” at its 13th Annual General Shareholders Meeting, to be held on June 23, 2015.

About JDI

Japan Display Inc. (JDI) is the leading global manufacturer of advanced small- and medium-sized LTPS LCD panels. By leveraging its advanced technologies and the world’s largest LTPS production capacity, JDI provides high resolution, low power consumption and ultrathin displays for smartphones, tablets, automotive electronics, digital cameras, medical equipment and other electronic devices. JDI, which commenced operations in April 2012, was formed through the consolidation of the display panel businesses of Sony, Hitachi and Toshiba. The company listed its stock on the First Section of Tokyo Stock Exchange in March 2014 under the trading code of 6740. Visit <http://www.j-display.com/english/> for more information.