



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

TOKYO, Japan, May 18, 2017 – 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 director would be submitted as follows for approval at its 15th Annual General Shareholders Meeting, to be held on June 21, 2017.

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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 remuneration within the foregoing amount, JDI requests that shareholders approve a grant of stock options up to the amount of 60 million yen to its candidate for the member of the Board of Directors (new appointment) who is not an outside director to be elected at its 15th 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 director 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 director as stock options, under the following terms and conditions.

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

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

Up to 400,000 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.

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

The maximum number will be 4,000 (the Number of Shares Granted is 100; however, if an adjustment of the number of shares as stipulated in (1) above is carried out, the Number of Shares Granted will be adjusted accordingly.).

(3) 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.

(4) 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 six months 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)

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

“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.

(5) 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).

(6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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 director” at its 15th Annual General Shareholders Meeting, to be held on June 21, 2017.

About JDI

Japan Display Inc. (“JDI”) is a global leader in innovative display solutions. We provide customers with advanced small- and medium-sized displays for high-end electronic applications, including smartphones, automobiles, medical equipment and VR/AR devices. Our strength lies in leading-edge low temperature polysilicon (LTPS) technology that enables displays with high resolution, low-power consumption, narrow bezels, and design freedom, with more potential features under development. For further information about JDI please visit: <http://www.j-display.com/english/>