

Execution of Commitment Line Agreement and Revision of Terms and Conditions of 1st Series Unsecured Subordinated Convertible Bonds with Stock Acquisition Rights and Existing Subordinated Loan

Japan Display Inc. (“JDI”) hereby announces that it has resolved, at its meeting of the board of directors on August 9, 2017, and implemented on the same date, that JDI shall (i) execute a commitment line agreement (the “Commitment Line Agreement”) with Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and Sumitomo Mitsui Trust Bank, Limited (the “Banking Syndicate”), with joint and several guarantee by Innovation Network Corporation of Japan (“INCJ”), and (ii) (a) grant a security interest in order to secure the reimbursement from JDI in the case where INCJ performs the joint and several guarantee obligations and (b) partially revise the terms and conditions of the INCJ’s existing investment in and loan to JDI, as set forth below.

1. Purpose

As announced in “Notice Concerning Structural Reforms, Extraordinary Losses (Business Structure Improvement Expenses) and Reversal of Deferred Tax Assets” dated today, JDI determined that it needed to review the production systems corresponding to the market changes and to reduce fixed costs, and planned to streamline its business and improve profit by implementing fundamental structural reform.

In order to accelerate such structural reform, and to smoothly conduct business operations, it is essential to secure operating funds by substantially expanding the credit facility. Therefore, JDI entered into the Commitment Line Agreement upon consultation with INCJ and the Banking Syndicate.

2. Summary of Commitment Line Agreement

Execution Date of Agreement	August 9, 2017
Lenders	Mizuho Bank, Ltd. (Arranger) Sumitomo Mitsui Banking Corporation (Arranger) Sumitomo Mitsui Trust Bank, Limited (Co-Arranger)
Commitment Line	107,000,000,000 yen
Use of Funds	Operating funds
Commitment Period	One (1) year
Security	Unsecured
Guarantee	Joint and several guarantee by INCJ (note) If certain events including the followings occur, INCJ may cancel the guarantee entrustment agreement (provided, however, that guarantee obligations assumed before the cancellation shall not be exempted): - the Lenders request INCJ to perform its guarantee obligations upon a

	<p>breach by JDI of any of its obligations under the Commitment Line Agreements;</p> <ul style="list-style-type: none"> - JDI suspends payment of its debts, JDI becomes unable to pay its debts, JDI's liabilities exceed its assets, or a petition for commencement of a bankruptcy proceeding is filed with respect to JDI; or - a change of control event (*) occurs with respect to JDI. <p>(*) Cases (i) where INCJ's shareholding ratio (<i>kabuken tou hoyu wariai</i>) or share ownership ratio (<i>kabuken tou shoyu wariai</i>), each defined in the Financial Instruments and Exchange Act of Japan, or voting rights ratio in JDI becomes 20% or less or (ii) where any third party's shareholding ratio (<i>kabuken tou hoyu wariai</i>), share ownership ratio (<i>kabuken tou shoyu wariai</i>) or voting rights ratio in JDI becomes 20% or more</p>
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(Note) In order to secure the reimbursement from JDI in the case of INCJ's performing its joint and several guarantee obligations and the existing subordinated loan (the aggregate principal amount is 30,000,000,000 yen), a security interest is granted on assets of JDI.

3. Partial Revision of Terms and Conditions of INCJ's Existing Investment and Loan to JDI

JDI and INCJ have agreed that, in the case where a change of control event occurs with respect to JDI, upon the request of INCJ, JDI shall purchase all of the Japan Display Inc. 1st series unsecured subordinated convertible bonds with stock acquisition rights held by INCJ (the outstanding amount is 45,000,000,000 yen) at par value and/or the aggregate amount of principal of and interest on the subordinated loan from INCJ (the aggregate principal amount is 30,000,000,000 yen) shall become accelerated and immediately due and payable. There is a possibility for the subordinated loan to be repaid prior to the senior debt if such loan becomes accelerated and immediately due and payable under such agreement. In addition, as described in the note of 2 above, there is a possibility that, since the subordinated loan becomes a secured obligation of the security interest granted on assets of JDI, such loan takes priority to the senior debt so long as such security interest is granted.

If a change of control event with respect to JDI is reasonably foreseen to occur, JDI will consult in advance with INCJ regarding the policy dealing with such event.

4. Outlook

JDI will achieve stable and long-term growth of its business and will improve its stock value attributable to its shareholders by way of the flexible fund raising under the Commitment Line Agreement.

The impacts of the Commitment Line Agreement on the earnings of JDI are under review. If it becomes likely that it would have a material impact, JDI will promptly make an announcement.

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